

NEW ZEALAND DEFENSE INTO 2035–FUTURE 35 STRATEGY

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ABSTRACT

NEW ZEALAND DEFENSE INTO 2035–FUTURE 35 STRATEGY, by Major Terrence McDonald, 100 pages.

The New Zealand Defence Force (NZDF) is implementing a strategy to ensure its viability into the future, known as Future 35. The strategy focuses on two overarching themes of organizational reform and capability renewal. The strategy was developed in a fiscally austere environment where government seeks to gain efficiency and effectiveness from its government departments, including the defense force. The thesis examines the two key themes to determine whether the NZDF will be able to achieve the desired end state with the means assigned. The analysis looks at the fiscal trends to determine whether financial resources to defense are decreasing. The thesis then examines the physical resources available to the NZDF and how these could be applied into nations within New Zealand's strategic area of interest. Finally, the thesis examines internal and external influences on the NZDF to determine what challenges may impact the implementation of the strategy into the future.

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AUTHOR'S NOTE

The thesis was written to meet the completion requirements for a Master of Military Art and Science at the United States Army Command and General Staff College, Fort Leavenworth, Kansas. The language and grammar used is therefore designed to meet United States requirements, rather than those expected in New Zealand. The change of spelling does not diminish the research or analysis conducted.

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October 23, 2012

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ACRONYMS

ANZUS	Australia, New Zealand and United States
CATG	Combined Arms Task Group
COIN	Counterinsurgency
DLOC	Directed Level of Capability
EC	Employment Context
FY	Financial Year
JATF	Joint Amphibious Task Force
LTG	Light Task Group
NZDF	New Zealand Defence Force
US	United States

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CHAPTER 1

INTRODUCTION

Every single force, anywhere in the world, is constructed in accordance with a purpose: a defense and security policy and a military doctrine, which demands certain amounts of troops and materiel of specific qualifications, that all interlock into a coherent force. And the greater the coherence the greater the chance of the force succeeding in battle . . . lack of coherence—whether in purpose or between purpose and force—is a major reason for the failure of forces.¹

— General Sir Rupert Smith

Background

New Zealand, a South Pacific Country located some 2,250 kilometers to the southeast of Australia, is a small country balanced against the rest of the globe. However, this landmass of 267,710 square kilometers, approximately the same size as Colorado, is home to nearly 4.5 million people who have been untouched directly by global conflict since it was founded as a country.² New Zealand is not limited to three major islands; it also retains obligations to the Cook Islands, Niue, Tokelau, and Ross Dependency.³ When combined with New Zealand's Economic Exclusion Zone, the fifth largest in the

¹Rupert Smith, *The Utility of Force: The Art of War in the Modern World* (London: Penguin Books, 2005), 21.

²Central Intelligence Agency, The World Factbook, "New Zealand," <https://www.cia.gov/library/publications/the-world-factbook/geos/nz.html> (accessed 15 March 2012).

³New Zealand Government, Ministry of Defence, *Defence White Paper 2010*, November 2010, http://nzdf.mil.nz/downloads/pdf/public-docs/2010/defence_white_paper_2010.pdf (accessed 15 March 2012), 16.

world, and the wider Search and Rescue Zone exponentially increases its area of responsibility to 37 million square kilometers, some 12 percent of the world's surface.⁴

New Zealand's geographic isolation and status as an island nation provides the country not only with a natural barrier to external threats, but a unique perspective of the world and its politics. Aptly, the Chief Executive Officer of the New Zealand Ministry of Foreign Affairs and Trade, John Allen quoted former Prime Minister of New Zealand, David Lange as saying "[New Zealand is] shaped like a dagger, strategically positioned, thrusting at the heart of Antarctica."⁵ This has not led to New Zealand isolating itself from global events, particularly when it comes to playing a role in international security; rather, the country gains national pride from its wide involvement in international affairs. New Zealand's physical location cannot be changed; however, the role of the military within society is under intense scrutiny particularly given the current economic climate. Both the Government of New Zealand and the New Zealand Defence Force (NZDF) find themselves at a conceptual crossroad, understanding how they will continue to meet constitutional and treaty obligations both at home and abroad.

⁴New Zealand Government, Ministry of Defence, *Defence Assessment 2010*, July 2010, <http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-assessment-july-2010.pdf> (accessed 11 March 2012), 8; New Zealand Search and Rescue Council, "Maritime Operations Centre," <http://www.searchandrescuecouncil.org.nz/nzsar-structure/nzsar-consultative-committee/39-maritime-operations-centre> (accessed 15 March 2012).

⁵John Allen, "Engaging with the world: John Allen suggests that New Zealand needs to be realistic about its position and to take risks to achieve its goals," *New Zealand International Review* 35, no. 6 (November/December 2010): 24+. Academic Onefile Web (accessed 17 March 2012).

As a component of national power, New Zealand maintains a modest military force of 8,758 Regulars and 2,368 Reserves.⁶ NZDF force elements deploy across the globe to achieve four defense related national interests: “a safe and secure New Zealand, including its border and approaches; a rules-based international order which respects national sovereignty; a network of strong international linkages; and a sound global economy underpinned by open trade routes.”⁷

These deployments, at the time of writing, see 808 personnel off shore on peace support, stability, peacekeeping, and exercises with defense partners, almost 10 percent of the entire force.⁸ The current major theatres of operations include Afghanistan, Timor-Leste, and the Solomon Islands. These operations have seen an enduring presence of Defense Personnel since 2001, but will cease and retrograde in the next 18 months. Other mission areas include Egypt, Middle East, South Sudan, Iraq, South Korea, and Antarctica representing a broad spectrum of roles in diverse environments. The NZDF is also active across the South Pacific undertaking deliberate and limited notice humanitarian assistance and disaster relief missions such as, drought relief in the island nation of Tuvalu in October 2011. These types of deployments are becoming increasingly more frequent as the NZDF is the only organization in New Zealand that possesses the capabilities to meet the support requirements. New Zealand has also participated in many major armed conflicts since the country was founded in 1841. New Zealand deployed its

⁶New Zealand Defence Force (NZDF), “Personnel Summary,” <http://nzdf.mil.nz/personnel-records/personnel-branch/default.htm> (accessed 15 March 2012).

⁷New Zealand Government, Ministry of Defence. *Defense White Paper 2010*.

⁸New Zealand (NZ) Army, “NZDF Deployments,” <http://army.mil.nz/army-overseas/deployments/default.htm> (accessed 15 March 2012).

first soldiers to South Africa during the Boer War and participated in both World War I and World War II. In more recent history, New Zealand Service Personnel deployed to Korea, Borneo, Malaya, and Vietnam.

New Zealand has a small economy reliant on international trade as a source of income. Although relatively isolated, it has not escaped the impacts of the 2008 Global Financial Crisis and like many countries in the wake of the economic crash, has needed to review Governmental spending. The curtailing of state spending has impacted all government departments and the NZDF is no exception. As the primary advisor to the Government on operational matters of defense, can the NZDF continue to meet an increasing demand with limited resources or does it need to fundamentally change its approach in order to meet Governmental expectations?

The NZDF finds itself in a similar situation to the Canadian Forces during the Hellyer Era, where politicians demanded a credible and flexible military force to meet a range of potential security scenarios on a budget. The “unification,” as it became known, saw “increased centralization and civilianization” within the Canadian Military, an increase of civilian “authority over military affairs without responsibility for military accountability or performance” and the establishment of functional commands within the military.⁹ While this is not an exhaustive list of impacts, the themes appear familiar 40 years later at the southern end of the Pacific.

A number of key Defense policy documents have been released in the last five years that provided NZDF military strategists with the tools in which to review their

⁹Major General Daniel Gosselin, Hellyer’s Ghosts: Unification of the Canadian Forces is 40 Years Old- Part One,” *Canadian Military Journal (CMJ)* 9, no. 2 (2009), <http://www.journal.forces.gc.ca/vo9/no2/03-gosselin-eng.asp> (accessed 9 October 2012).

methodology. These policy documents do not exist within a vacuum. Given the dynamic nature of the political world and wider security issues, they cannot and do not link seamlessly. The first of the policy documents released was the *Defence Review 2009*, which examined the role of NZDF in New Zealand's national security, the nature of the changing security environment to 2035, and whether the NZDF tasks were linked with New Zealand Government policy.¹⁰ The study was prompted by the ongoing fiscal pressures to determine the way forward for the New Zealand defense prior to formalizing a capstone military review that was promised as an election platform.

The Government of New Zealand then commissioned the Defence Value for Money Study in 2009 led by Dr Roderick Deane, the Chair of the New Zealand State Services Commission and Pacific Road Corporate Finance. The Value for Money Study was a comprehensive independent review of all military functions in order to determine if efficiencies existed.¹¹ Both of these documents in turn informed the *Defence White Paper 2010*.

The *Defence White Paper 2010* was the first comprehensive public review of Government defense priorities in more than a decade and stood in lieu of a National Security Strategy. The White Paper outlined the strategic political thinking of the current Government and its priorities for defense in the coming decade. This document informed both the *NZDF Statement of Intent 2011-2014* and the *Defence Capability Plan 2011*; the former being what the NZDF was to achieve within the given time frame and the latter being how the military will organizationally adapt to meet mission requirements.

¹⁰New Zealand Government, *Defence Assessment 2010*, 5.

¹¹New Zealand Government, *Defence White Paper 2010*.

The Government retained power in the 2011 General Election, which brought a continued commitment to the process commenced in 2009. Subsequently, the New Zealand Department of Prime Minister and Cabinet released its National Security System overview. The document outlined the political mechanisms within Government for responding to both domestic and international crisis. It also provided guidance to Government Departments, on which agency would lead the response depending on a risk-determined threat. This overview saw the creation of a new multi-agency coordination framework wherein the NZDF provides a supporting role in most cases of governmental response, with the exception of armed conflict, maritime threats, and peacekeeping where its role is as the primary responder.

These Government policy documents outline the Clausewitzian “ends” and informed the development of the NZDF Future 35 military Strategy, released in early 2012. The strategy establishes the framework that will provide the “ways” and “means” in order to meet the government’s intent. The strategy, which will be further explained in chapter 3, centers on two central themes; organizational reform and capability renewal. The key tangible impact on military capability is the adoption of a Joint Amphibious Task Force (JATF) structure. The JATF integrates all components of the NZDF to achieve “defense tasks in New Zealand and its environs, [meet] security challenges to New Zealand’s interests in the South Pacific, and challenges to New Zealand and Australia’s common security interest.”¹² The implementation of Future 35 continues

¹²New Zealand Ministry of Defence, *Briefing for the Incoming Minister of Defence (Background Information)*, Publicly released 2 February 2012, <http://www.defence.govt.nz/reports-publications/election-brief-2011/contents.html> (accessed 15 March 2012), 14.

against the backdrop of ongoing military operations overseas with an increasing requirement for the NZDF to meet short notice humanitarian support activities both domestically and abroad.

Transformational change is not organizationally cost neutral. Specifically, the changes have been met with intended and important unintended consequences, such as involuntary separation of service personnel, centralization of key functions, and removal of trade groups as well as an increase of the voluntary exit rate and significantly increasing change fatigue.¹³ Furthermore, as the only Government Department that has a ready pool of integrated people and responsive equipment fleets, the NZDF is the most viable option available to mitigate a multitude of contingencies, many within the humanitarian sphere domestically and abroad.¹⁴

Former British General and military academic General Sir Rupert Smith asserts that modern militaries will it be drawn into roles where “military force is considered a solution, or part of a solution, in a wide range of problems for which it was not originally intended or configured”¹⁵ which appears to be consistent with the current New Zealand experience.

In a time of “persistent conflict” where the operational draw on NZDF’s resources is likely to increase, particularly within the “stability and support” sphere, the central

¹³Michelle Cooke, Jessica Sutton, and Danya Levy, “Defence Force recruitment scramble after staff exodus,” Last updated 3 August 2012, <http://www.stuff.co.nz/national/politics/6544726/Defence-Force-recruitment-scramble-after-staff-exodus> (accessed 9 March 2012).

¹⁴New Zealand Government, *Defence Assessment 2010*, 23.

¹⁵Smith, *The Utility of Force*, xii.

question is whether or not the NZDF is positioned to meet the Government's defense related national interests. Though the persistent conflicts are primarily land-centric and rely on the ability to project well-trained ground combat force elements for which the NZDF may be adequately resourced, the sufficiency of its overall resourcing is in question when one factors in New Zealand's large maritime area, wider protectorate responsibilities, increasing necessity to provide humanitarian support, austerity measures, and organizational transformation.

Thesis Question

Factoring in the significant external and internal influences, the finite available resources, and the increasing requirement to support humanitarian operations, the primary thesis question is: will Future 35 meet the security needs of New Zealand into 2020 and beyond?

In order to answer this primary question, there are a number of secondary questions that need to be addressed to inform the analysis. They are:

1. Is the New Zealand defense financial resource reducing and if so, is it conforming to a trend or is it a fundamental shift in security spending?
2. Does the NZDF have enough physical resources to meet Future 35 deployment objectives?
3. What challenges may influence the NZDF into 2035?

The secondary questions directly relate to government resourcing of the NZDF, determining physical capability to undertake operations as intended, and finally, identify what influences may inhibit strategy implementation.

It is not intended that this paper revisit the decisions taken in the composition of the capstone documents, nor would it be prudent of the author to examine the thought process behind the strategic plan Future 35. Rather, it is intended to quantitatively and constructively analyze the contexts in which the NZDF could be deployed by the New Zealand Government in order to determine whether the force is, in fact, actually capable of meeting its primary role in national defense.

As an island nation geographically isolated, New Zealand is unique in a military context. It faces the tyranny of distance on a modest budget that is not replicated in many places in the world. As a country that prides itself on its diplomatic and military engagement in world affairs, it is at a conceptual crossroads as to how it can continue to secure its national interests with increasing fiscal constraints. The release of capstone documents in 2010 through 2012 provide a framework from which the NZDF can now shape its future; however, as always, resources are critical to its success. The transformation of the NZDF needs to occur, but it will be conducted during a period of high operational tempo, with little sign of deployment respite in the immediate future. The focus on resources, particularly staffing and financial, will provide an azimuth check as criteria to determine whether the New Zealand Government is expecting too much of its defense professionals or whether the NZDF strategy to 2020 and beyond will meet government expectations.

Having introduced the broad issues confronting the NZDF and the resulting thesis questions, the next chapter will provide an explanation of the models and key definitions that will be used through the thesis in order to provide a contextual start point for further discussion.

CHAPTER 2

METHODOLOGY

The art of war is of vital importance to the state. It is a matter of life and death, a road either to safety or to ruin. Hence it is a subject of inquiry which can on no account be neglected.¹⁶

— Sun Tzu, *Art of War*

Future 35 and the subsequently released Future Joint Operating Concept provide the conceptual framework for how the NZDF will meet the defense related national interests of the New Zealand Government. These documents are strategic plans providing the broad strategic military ends, ways, and means without providing significant detail on the meeting the practicalities given political constraints. This monograph will focus on the “means” portion of the NZDF, specifically the resourcing in terms of staffing and finance.

The scope of transformation contained within Future 35 is too broad for detailed analysis, as such; the researcher has limited the study to fiscal and physical resources as well as potential future challenges. To facilitate the analysis of the problem, there are a number of assumptions that assist in framing the problem out right; these are discussed later in this chapter.

The first method that is used to answer the thesis question is a trend analysis focusing on defense spending of the New Zealand Government to meet major conflicts of the last two decades. The comparison provides context to the thesis and determines the trend of state expenditure on defense over time, to identify if the fiscal means, allocated

¹⁶Sun Tzu, *Art of War*, ed. T. R. Phillips, trans. Lionel Giles (Harrisburg, PA: Stackpole, 1985), 21.

to the NZDF, is diminishing. It assists with a determination of whether the force design of Future 35 is as a result of an erosion of defense spending and therefore capability or a natural evolution of a small nation military to meet its strategic and military ends.

The second research method is to quantitatively analyze the force and capability structure of Future 35 to determine if it has sufficient mass to achieve the NZDF and wider Government ends. The analysis assumes the NZDF is deploying to assist in mid intensity stability operations in nation states of the South West Pacific without extant security or military forces. The analysis uses the “force ratio” theory, drawing from current United States (US) Army doctrine and force ratio studies, to determine the minimum credible force required to achieve the desired ends given likely employment options.

The quantitative methodology is complimented with a qualitative analysis of both the internal and external challenges that will be faced by the NZDF into the future. Internal issues such as public perception and fiscal austerity measures implemented by the government, to achieve budgetary surplus and personnel attrition, all impact the future capability of defense to achieve its desired outcomes. External issues such as the US “pivot” into the Pacific, treaty obligations, and credibility, all serve to provide balance of the requirements for the NZDF, the ability to meet domestic requirements, while maintaining international credibility as an indirect reinforcement of national foreign policy. These trends provide a vehicle to determine if the NZDF will be postured into 2020 and beyond to meet the emerging threat. Using both the quantitative and qualitative approach will highlight limitations to unilateral excursions and therefore what

likely threat environments the Future 35 force could be employed in, currently and into the future.

There are further definitions from the *Defence White Paper 2010* that will also be useful to contextualize the analysis for New Zealand's perceived operating environment and respective intensities of conflict, they are:

High. The intensity of a conflict is high when the violence is continuous or when encounters between combatants are particularly violent.

Medium. When violence is frequent.

Low. When violence is occasional. The intensity may vary during the course of a particular conflict and across parts of an operational theatre. It will also vary for individual participants, depending on their particular role or function.¹⁷

The intended operating environment for the NZDF with either coalition or unilateral operations within the South Pacific is not in a “high intensity” environment, but rather an “unstable or potentially hostile” environment or “medium intensity.”¹⁸ The anticipated deployment environment of “frequent violence” limits NZDF employment into stability operations in the South Pacific given the New Zealand strategic outlook. US Army Doctrine Reference Publication 3-0, *Unified Land Operations*, notes that stability operations contain elements of offensive and defensive actions, as such; the use of a stability operation construct meets the intent of Future 35 force employment.¹⁹

¹⁷New Zealand Government, *Defence White Paper*.

¹⁸*Ibid.*, 45.

¹⁹Department of the Army, Army Doctrine Reference Publication (ADRP) 3-0, *Unified Land Operations* (Washington, DC: Government Printing Office, May 2012), 2-3.

While operations in the South Pacific are inherently reliant on both maritime and air transportation or support, the decisive effect achieved in stability operations is undertaken by the land component. Accordingly, the focus of the analysis has been on land force employment considerations rather than the maritime and air force elements.

The NZDF *Annual Report 2012* defines the deployment capabilities that the NZDF seeks to maintain, they are defined by capability and employment context. They are delineated by size of deployable component and the ability of the NZDF to sustain current operations as well as deploy a Joint Amphibious Task Force. The deployments of either a Light Task Group (LTG) or Combined Arms Task Group (CATG) into the South Pacific would preclude the deployment of company sized elements further afield, as there is insufficient critical mass, with six regular force Infantry companies to enable concurrent deployments. The definitions of LTG and CATG from the 2012 Annual report are as follows:

Light Task Group. A LTG is designed to have a deployed strength of up to 260 personnel to conduct primarily humanitarian and disaster relief and stability and support tasks. It can include combat, combat service support (CSS) and limited combat support (CS) elements. If maneuver based, it may be light infantry, motorized or composite. The LTG is supported by Information Operations and enhanced communications, intelligence and Geospatial Information Systems capabilities.²⁰

The LTG will be available for operations across Employment Contexts (ECs) 1 to 5 (inclusive); however, it is designed primarily for low threat environments. This task group is based around a single sub-unit (Infantry Company) sized element.

²⁰New Zealand Defence Force, *Report of the New Zealand Defence Force for the year ended 30 June 2012: Annual Report 2012*, <http://nzdf.mil.nz/downloads/pdf/public-docs/2012/nzdf-annual-report-2012.pdf> (accessed 23 October 2012), 78.

Combined Arms Task Group. A CATG allows for a scalable group of up to 560 personnel providing a range of combined arms capabilities, including combat, CS and CSS; it may be light, motorized or composite based. The scale of the deployed force will be dependent on the amount of local, coalition or contractor resources available in theatre to support the force. In a worst case the CATG must be largely self-sufficient for independent operations. The CATG is based around two or more sub-unit sized elements. The CATG will be available for operations across Employment Contexts 1 to 5 (inclusive). This TG [Task Group] is based around two or more sub-unit sized elements.²¹

A study of this nature has the potential to be particularly broad. As such, there are some key assumptions and limitations that will be placed around it thereby providing better focus. The first assumption is that the known operational deployments of the NZDF and timelines set for drawdown will not significantly change. Specifically, the deployments to Afghanistan, Timor Leste and the Solomon Islands will commence drawdown in 2013 and will have concluded retrograde by late 2014.²²

The second assumption is that the NZDF will maintain its current land force structure. The NZDF maintains six regular force Infantry companies within a two battalion structure. A motorized battalion, previously retired, has been re-raised to form a three company unit for medium reconnaissance and protected Infantry mobility. The land forces also retain a Field Artillery Regiment of two companies, an Engineer Regiment with two Engineer companies, as well as two multifunctional sustainment battalions. In essence, NZDF land forces have sufficient units to implement a, deploy to dwell ratio of 1:3 for maneuver forces and 1:2 for enablers.

²¹Ibid.

²²3 News, "NZ Afghan force to stay as planned–Key," 17 April 2012, <http://www.3news.co.nz/NZ-Afghan-force-to-stay-as-planned---Key/tabid/423/articleID/250763/Default.aspx> (accessed 22 April 2012).

While the organization is seeking growth, the attrition rate in 2012 is currently high at 24 percent. It is assumed that it will return to a relatively stable 10 percent per annum and as such, it has not been considered a factor in the analysis.²³ Further, it is assumed that the recruitment rate will maintain an on par relationship with the exit rate to enable a zero sum loss. Given the large number of variables associated with personnel morale and retention, it is difficult to accurately account for it in any quantitative analysis.

In terms of the NZDF area of operations, the “regional areas” or South West Pacific referred to in the policy documentation excludes South East Asia. Treaty obligations, most notably the Five Power Defence Arrangement, will be met should the need arise, but regional instability is more likely to occur within Pacific Island nations. For the purposes of this research, the deployment criteria of the NZDF also excludes any military action involving major Asian states that may elicit a coalition response.

The study draws on strategic direction articulated by the New Zealand Government to the NZDF, through capstone documents and wider military thought, including journal articles. As the thesis is unclassified, all primary references and research materials have been obtained through open sources. Consequently, there are some inherent limitations to this study, particularly around the Future 35 Strategy, which is examined on face value rather than including the background data that informed its development.

Future 35 and more recently, the Future Joint Operating Concept are the first key defense strategic documents that link the Government’s direction set out in the capstone

²³New Zealand Defence Force, *Annual Report 2012*, 14.

documents, and the ends, to the conceptual, Five Power Defence ways, and means, of how the NZDF will operate into the future. Given the timing of the release of both Future 35 and the Future Joint Operating Concept, there is currently no published academic work that provides any analysis of the strategy. With the refocusing of the US Military in the Pacific pivot, the thesis also provides context for New Zealand's strategic partners as to the role the NZDF plays in the South West Pacific.

The next chapter provides context to the NZDF paradigm prior to undertaking the analysis around the primary thesis question. It will examine the current NZDF operating model and contrast it with the Future Joint Operating Concept, in order to better understand the broader changes that will be implemented through, to 2035.

CHAPTER 3

NEW ZEALAND DEFENCE FORCE OPERATIONS

I once went to a coastal city in California to receive an award from a local peace foundation in recognition of New Zealand's efforts towards disarmament. . . . The award itself was a handsome creation. Etched on thick glass was a map of the world, its center the Pacific Ocean. Only one detail was missing. In the space to the east of Australia where New Zealand should have been, the map showed nothing but ocean. It's hard to make an impact when your country falls off the end of the world.²⁴

— Former New Zealand Prime Minister David Lange

For those who have not specifically interacted with the NZDF or visited the country, understanding the role that defense plays in New Zealand society will provide further context to the thesis question.

Settled by Great Britain in the mid 1800s, New Zealand has traditionally had strong relationships with its founding nation, from governance to the structure of the military. The relationship has seen New Zealand, as with many other Commonwealth colonies answer the call to defend Great Britain's national interests. With the decline of the British Military influence in the Pacific region at the conclusion of World War II, there was a requirement for countries such as New Zealand to seek security relationships with geographically closer allies.²⁵ This chapter reviews the national security policy of New Zealand since the Cold War, to provide an overview of the modern military

²⁴Peter Mayell, "Beyond the Outer Crescent: the Mackinder century in New Zealand geopolitics," *The Geographical Journal* 170, no. 4 (December 2004): 368.

²⁵Cathy Downes, "Australia and New Zealand: Contingent and Concordant Militaries," in *The Postmodern Military: Armed Forces after the Cold War*, eds. Charles C. Moskos, John Allen Williams, and David R. Segal (New York: Oxford University Press, 2000), 184.

evolution that continues to occur. It also examines New Zealand's major troop commitments since the Cold War, to provide context against defense reviews, to demonstrate how national means, have been placed under pressure while the ends, continue to expand. The chapter will then examine the defense related national security objectives, or ends, set by the Government to the NZDF. These ends, provide the framework to examine the, ways, as articulated in both the Future 35 Strategy and Future Joint Operating Concept for the NZDF. The examination needs to be framed by what New Zealand understands its security environment to be, which is where it will begin.

New Zealand's Historic Security Environment

Given its geographic isolation, there have been no direct threats to New Zealand's national sovereignty throughout its history. New Zealand has tended to maintain a cadre of professional military to advise on defense rather than maintaining a large standing army. There are, however, two exceptions to this; in World War I and World War II, New Zealand deployed overseas 100,444 and 104,988 troops respectively.²⁶ These large, primarily volunteer mobilizations were anomalies in supporting the British Empire and therefore New Zealand's strategic interests. However, as a result of these large commitments and the failure of Great Britain to adequately defend Singapore, New Zealand sought security relationships post World War II with more regional allies; the obvious partner was (and remains) Australia, but also the US.

The US emerged from World War II as the dominant force in the Pacific region and given its status as a nuclear power, it presented an obvious choice as an ally. The

²⁶George Skudder, *New Zealand Army* (New Zealand: Wyatt & Wilson Print, 1995), 103, 130.

relationship coupled with the perceived threat of the spread of communism throughout South East Asia led to New Zealand participating in conflicts supporting the United Nations (Korea), the United Kingdom (Borneo, Malaya) and establishing a cooperative defense alliance with Australia, New Zealand and the United States (ANZUS). The alliance formed in 1952 assured signatories that:

The Parties will consult together whenever in the opinion of any of them the territorial integrity, political independence or security of any of the Parties is threatened in the Pacific.²⁷

Essentially, it meant that New Zealand was assured security in that if a direct threat presented itself, the “nuclear umbrella” of the US would protect the nation. The treaty also enabled the US to draw on New Zealand military assets in support of its national interests, which was obliged and in 1965 troops were committed to South Vietnam.²⁸

Post World War II, the NZDF maintained a standing army based around a divisional structure primarily resourced by Compulsory Military Training. This compelled men over 18 to undertake a basic level of military training maintaining to staff a military Reserve Force. A key consideration for the establishment and maintenance of Compulsory Military Training until 1972 was New Zealand’s commitment to the South East Asian Treaty Organization and the ability to have sufficient, means, to defend against a threat in South East Asia.²⁹ The treaty obligation was further enhanced by the forward deployment of an Infantry Battalion based in Singapore from 1969 until 1989.

²⁷Australianpolitics.com, *ANZUS Treaty*, Article III, September 1951, <http://australianpolitics.com/issues/foreign/anzus-treaty-text> (accessed 15 May 2012).

²⁸Skudder, *New Zealand Army*, 146.

²⁹*Ibid.*, 156.

Compulsory Military Training cessation in 1972 coincided with the withdrawal of the volunteers from South Vietnam.³⁰ At the conclusion of New Zealand's involvement in this conflict, the country entered an age of relative military isolationism. The isolationism resulted in part by a subtle change in US policy, specifically the Guam Doctrine, focusing New Zealand on "a more independent defense policy. Forward defense was replaced by more territorially based defense posture."³¹ The regional focus did not preclude military support of United Nations missions; however, there were no large scale combat deployments off shore.

The 1980s were a watershed period in New Zealand military history centering around the political relationship between New Zealand and the US. In 1987 New Zealand passed the New Zealand Nuclear Free Zone, Disarmament, and Arms Control Act.³² The legislation states that "(e)ntry into the internal waters of New Zealand by any ship whose propulsion is wholly or partly dependent on nuclear power is prohibited."³³ At this point in its history the US had a policy of neither confirming or denying nuclear carriage aboard its naval vessels, even if the ship was not nuclear powered or capable of carrying nuclear weapons. The refusal to confirm, which by implication meant it "could" be

³⁰Ibid., 150.

³¹Downes, 185.

³²Parliamentary Counsel Office, *New Zealand Nuclear Free Zone, Disarmament, and Arms Control Act 1987*, <http://www.legislation.govt.nz/act/public/1987/0086/latest/DLM115116.html> (accessed 15 May 2012).

³³Parliamentary Counsel Office, *New Zealand Nuclear Free Zone, Disarmament, and Arms Control Act 1987*, <http://www.legislation.govt.nz/act/public/1987/0086/latest/DLM115147.html> (accessed 15 May 2012).

carrying, led to New Zealand's refusal to admit USS Buchanan DDG-14 into her ports.³⁴ Given the high level of global debate around nuclear weapons, New Zealand's actions posed a risk to other areas of US foreign policy. As such, the US undertook punitive action, suspending its obligations to New Zealand under the ANZUS treaty. The suspension remains in effect at the time of writing and will be rescinded at such time as US warships are given port access to New Zealand.³⁵

New Zealand's Security Commitments since 1990

The security environment in the South Pacific has been steadily deteriorating since the 1990s. Many island nations suffered political and economic instability which required the New Zealand Government to commit its defense forces on multiple stability and humanitarian assistance missions. The 1990s tangibly demonstrated the transition of the NZDF from its isolation into global then regional stability operations. In 1994 the first deployment of NZDF troops since the Vietnam War occurred with the commitment of a Mechanized Company to the United Nations Protection Force (Bosnia). This was also the first deployment of NZDF troops to Europe since the end of World War II.³⁶

In July 1997, New Zealand brokered a peace agreement between Papua New Guinea and a secessionist movement in Bougainville. The peace lead to the deployment

³⁴Australian Newspaper articles dated 8 March 1985, <http://www.uss-buchanan-ddg14.org/Media%20Clips/Sydney1985.htm> (accessed 15 May 2012).

³⁵National Security Council, *National Security Decision Directive Number 193*, 21 October 1985, <http://www.fas.org/irp/offdocs/nsdd/nsdd-193.htm> (accessed 15 May 2012).

³⁶Chris Pugsley, Laurie Barber, Buddy Mikaere, Nigel Prickett, and Rose Young, *Scars on the Heart—Two Centuries of New Zealand at War* (Auckland: David Bateman, 1996), 289.

of a New Zealand led regional assistance “Truce Monitoring Group” consisting of approximately 250 monitors. The deployment reflected New Zealand’s increasing desire to re-involve itself in world affairs.³⁷

New Zealand and Australian forces deployed in 1999 into East Timor with the International Force for East Timor to address humanitarian and security issues, until such time as the United Nations could respond. In 2000, the United Nations Mission East Timor was established, followed by the United Nations Transition Assistance East Timor. New Zealand contributed military forces until the United Nations Transition Assistance East Timor mission concluded in 2002. In 2006 Timor Leste suffered significant instability and rioting which led to the redeployment of NZDF troops, who still remain in the country.

The 11 September 2001 attacks on the US saw New Zealand military forces contribute to both Operation Enduring Freedom–Afghanistan and the International Security Assistance Force in Afghanistan. The commitment to Afghanistan increased with the drawdown of military forces from Timor-Leste and the mission continues at the time of writing. Although the troop commitment has fluctuated, on average some 170 NZDF personnel are in the country supporting coalition efforts to stabilize the security situation. New Zealand’s involvement is not tied specifically to its ANZUS obligation,

³⁷The Encyclopedia of New Zealand, “Story: Peacekeeping,” <http://www.teara.govt.nz/en/peacekeeping/4> (accessed 15 May 2012).

but rather the ratification of the mission by the United Nations Security Council Resolutions provided the legal framework for the deployment.³⁸

In 2003, New Zealand committed NZDF forces to support the Regional Assistance Mission Solomon Islands; an Australian led stabilization force. The mission arose due to the collapse of the Solomon Islands Government and a deteriorating security situation.

The NZDF has had to contend with multiple “large” scale deployments across a variety of operational theatres (both regional and global) with a significant portion of its force. The regional focus that was commenced in the mid 1990s required adjustment post 11 September 2001 with a substantial commitment of NZDF forces into Afghanistan. While the deployments discussed do not represent a comprehensive list of NZDF operational missions, it provides a sample of major troop contributions. So what has it meant for the NZDF? The strategic ends, have remained constant, but the ways, have exponentially increased and the means, have remained consistent.

New Zealand’s Military Policy Since the 1990s

Dr Cathy Downs, a retired Military Policy analyst and strategic security commentator, noted in her essay “Australia and New Zealand: Contingent and Concordant Militaries,” that the New Zealand military development did not follow Western military trends. Without direct threat of invasion, New Zealand decided to “focus on the most likely threats to security rather than on the greatest but least

³⁸Paul G Buchanan, “A Word From Afar: Why the NZDF is in Afghanistan,” *Scoop*, 26 January 2010, <http://www.scoop.co.nz/stories/HL1001/S00161.htm> (accessed 15 May 2012).

likely-the threat of nuclear war.”³⁹ This subtle shift has been significant in shaping defense policy; rather than focusing primarily on a “forward defense posture.” the NZDF has tended to focus regionally.

The 1987 New Zealand White Paper undertook to quantify the New Zealand 10 broad “objectives” or ends, with regard to defense policy. The Quigley Report that was commissioned to make recommendations on how efficiencies could be introduced into the NZDF reviewed the non-prioritized objectives and distilled them down to, two. The first was the protection of New Zealand sovereignty and the second, regionally focused defense. To assist the focusing of defense, they made a number of recommendations. Of significance, one of the fundamental recommendations from the Report was:

[T]he creation of two separate legal entities consisting of the Ministry of Defence (policy and procurement) and the NZDF—which comprised all military personnel and their civilian staff on the other hand. This split resulted in New Zealand becoming “the only country in the world with two defense departments, one to reflect and one to fight.”⁴⁰

The divorce of responsibilities caused friction within the organizations, which is consistently being managed.

The next Defense Assessment released in 1991 provided further focus on the NZDF in the Asia-Pacific region. Having outlined this objective, the Government then “oversaw a major decline in NZDF capabilities by cutting operational and personnel spending by the equivalent of 19 percent in real terms between 1990 and 1998.”⁴¹

³⁹Downes, 185.

⁴⁰Hon Derek Quigley, “The Evolution of New Zealand Defence Policy,” *Security Challenges* 2, no. 3 (October 2006), www.securitychallenges.org.au/ArticlePDFs/vol2no3Quigley.pdf (accessed 15 May 2012): 46-47.

⁴¹*Ibid.*, 48.

Defense policy continued to focus on the concept of maintaining a “balanced force” approach; that is, with an uncertain security situation the NZDF would be best postured to maintain a wide range of capabilities to engage across a full spectrum of operations and contingencies. The 1991 Assessment concluded that New Zealand’s defense force structure was “reasonably matched to its strategic position and to the range of external interests it was intended to support, but that ‘the consistency in planning and funding which is the pre-requisite to efficiency still eludes us.’”⁴²

The review of policy and funding set the NZDF on a course for restructuring and inter-service competition for scarce resources. The reviews also did not account for the increase in deployments for the NZDF commencing in 1994 with Bosnia-Herzegovina. The additional fiscal pressure led to the then New Zealand Chief of Defence Force to advise the Secretary of Defence in March 1996, that the Government had to either “review funding or cut military capability significantly;” this precipitated the 1997 Defence Assessment and White Paper.⁴³ These reports again confirmed the force structure and capability was appropriate for the conceived employment context of the NZDF. It did note however, that there was inadequate funding to meet all contingencies. As such, the review prioritized what was considered essential requirements over the discretionary. One such discretionary capability was that of the Air Combat wing of the Royal New Zealand Air Force, which set the stage for its eventual disbandment in 2000.

The Defense Beyond 2000 Report did not exclude the NZDF participating in armed conflict in the Asia-Pacific region. It did however note, that even though interstate

⁴²Ibid., 49.

⁴³Ibid., 50.

conflict was unlikely and that New Zealand's role may be primarily "regional security dialogue and preventive diplomacy," it needed to reinvest into the military.⁴⁴ The goal was to focus resources into a range of "affordable and sustainable military capabilities."⁴⁵ These capabilities were to include a "whole of government" approach, which integrated other government departments and agencies to meet New Zealand's national security interests thereby reducing reliance on the NZDF as a sole service provider. The Report and subsequent Government restructure of Defense included linking clearly defined, ends, associated funding, and political guidance. This guidance stated that:

NZDF would probably [deploy] as part of a multinational grouping, and that smaller countries like New Zealand would not be expected to have a full spectrum of capabilities. What would be expected, was that any contribution would be relevant, well trained and equipped, self-sufficient at the tactical level, and thus able to play a useful part.⁴⁶

The intent was for the NZDF to be an active partner in multinational security operations, bring combat capability to conflict and provide credible defense capabilities to meet the increasing deployment tempo.

New Zealand's Current Military Policy

The New Zealand *Defence White Paper 2010* articulates four strategic ends, to achieving New Zealand national security interests, they are:

1. A safe and secure New Zealand, including its border and approaches.
2. A rules-based international order which respects national sovereignty.

⁴⁴Ibid., 51.

⁴⁵Ibid., 52.

⁴⁶Ibid., 55.

3. A network of strong international linkages.

4. A sound global economy underpinned by open trade routes.⁴⁷

These four national interests provide the strategic context to the circumstances in which New Zealand would consider deployment and employment of NZDF forces on behalf of New Zealand.

The 2010 White Paper identifies five situations where military force, or ways, could be used:

1. In response to a direct threat to New Zealand and its territories.

2. In response to a direct threat to Australia.

3. As part of collective action in support of a member of the Pacific Islands Forum facing a direct threat.

4. As part of New Zealand's contribution to the Five Power Defence Arrangement.

5. If requested or mandated by the UN, especially in support of peace and security in the Asia-Pacific region.⁴⁸

Considering the employment contexts for the NZDF, a preponderance of the strategic ends, are centered around the Asia-Pacific region, confirming a regionally based focus for the New Zealand military.

The 2010 White Paper also recognizes that New Zealand security interests are inherently linked with international partnerships. These relationships include Australia, South Pacific countries, East Asia, traditional security partners, and through global

⁴⁷New Zealand Government, *Defence White Paper*.

⁴⁸*Ibid.*, 16.

organizations such as the UN.⁴⁹ The Paper also notes that in order for New Zealand to have effective national security it requires more than a defense footprint. Rather, a nation such as New Zealand is reliant on ensuring all aspects of Government are working in unison to amplify its efforts.⁵⁰

The New Zealand national security approach is nested in an environment where Dale Elvy astutely noted in his 2008 article “Defence: Exploring the Silent Consensus” that “despite the importance ascribed to issues of national security and defense policy by politicians and the media alike, there have been few academic studies of New Zealand public opinion in the post 9/11 era. In the absence of real information the debate becomes focused on scandal, and speculation rather than substance.”⁵¹ Defense remains a fleeting priority in a nation that has regional interests, but public perception is, there is no imminent or direct threat to its sovereignty. Fiscal pressures on the New Zealand economy, post the Global Financial Crisis, requiring the government to prioritize its discretionary spending, amplifies this perception.

The New Zealand Defence Policy has fluctuated between active military engagements in conflict from World War II until the end of Vietnam. Defense policy since the reemergence from military isolationism has focused on regional stability; however this regional focus has been diluted with the need to support military action across the globe. Regardless of stated political intent, the NZDF needs to maintain

⁴⁹Ibid., 18-19.

⁵⁰Ibid., 20.

⁵¹Dale Elvy, “Defence: Exploring the Silent Consensus,” *New Zealand International Review* 33, no. 3 (May-June 2008): 23.

preparedness to deploy into global operations such as in Afghanistan, where New Zealand has committed military forces in varying degrees since 2001.

The strategic objectives, or ends, of New Zealand have not fundamentally changed since the early 1990s. In one form or another, the NZDF has had to contend with budgetary constraints and minimal resources in order to achieve mission success. We will now turn to the Future 35 Strategy to provide an overview as well as a broader understanding of how financial appropriations work within the New Zealand context.

Future 35

Future 35 is the NZDF strategy that will enable it to deliver military capability to meet the New Zealand government's foreign policy requirements in a fiscally austere environment. It is divided into three distinct phases. The short term (2011 to 2015) will see capability renewal and organizational reform being implemented. The medium term period (2015 to 2020) will bring equipment modernization and replacement. Finally, the long term period (2020 to 2035), the NZDF will be postured with a capable and balanced force. The strategy provides the roadmap that enables the NZDF to focus its efforts on achievable and sustainable goals. Future 35 has specific objectives defined for the short term and concepts identified for the mid to long term, noting that the security environment is subject to change.

The strategy has two enduring strategic themes; the first is capability renewal and the second organizational reform. The strategy map articulates these themes within an ends, ways, and means framework, nesting identified changes throughout. Each of these themes will be explored in turn to outline the key aspects that inform further analysis.

Future 35 Theme–Capability Renewal

Within the strategic theme of capability renewal, the strategic end is centered on “providing effective future military capability,” which will see the NZDF

[C]apable of sustaining current operations, delivering services the government wants, and is prepared for the next likely contingency. The NZDF will focus in the near term on developing a joint amphibious capability to achieve influence in New Zealand’s area of interest.⁵²

There are a number of focus areas for change within this strategic end which include; having the capability to improve intelligence and surveillance within the New Zealand area of interest, the ability for the NZDF to lead multinational operations, and forming a JATF that can operate within the region. It is within this “renewal” that organizational growth has been identified to occur to meet likely deployment contingencies. The physical resources available to the NZDF to achieve this end are the central theme of the analysis supporting secondary question two.

The, way, in which the NZDF will meet the, end, for capability renewal is twofold; the first is to “train to operate in a joint, interagency and multinational (JIM) environment.”⁵³ This will be achieved through the conduct of Joint, Interagency and Multinational plans, training, and execution of activities, as well as seeking planning frameworks and developing relationships with other instruments of national power. The second, way, is through the:

⁵²New Zealand Defence Force, Office of Strategic Management, “NZDF Future 35 Strategy Map,” electronic correspondence with author, 19 March 2012.

⁵³Ibid.

Integration of personnel, equipment and training to deliver more flexible and relevant future capabilities. Decisions on future capability will be enhanced by focusing on future operating concepts.⁵⁴

This will be achieved by focusing the NZDF on Future 35, as well as developing relevant Military Response Options with emerging technology and security situations used to inform future capability requirements.

Finally, the means, that will be applied to achieve capability renewal will involve the “equipping of the force to meet future outputs” and “ensuring that NZDF has the right people for the future.”⁵⁵ The former will ensure that the equipment required to “field” the JATF is procured, while the latter ensures that future force structures are appropriate with a “highly performing HR function.” In essence, it is the combination of equipment and personnel with the appropriate training that forms the core of capability.

The military strategic end state for capability renewal is to:

Continue to sustain all operational commitments and be more effective in generating capability. Be able to deploy a Joint Amphibious Task Force (JATF), which can deploy, conduct operations and sustain a Combined Arms Task Group (CATG). To be able to lead mid intensity operations or operate as a coalition force (most likely with the Australian Defence Force). Have improved capability enhancements in sea basing, air mobility and Intelligence, Surveillance and Reconnaissance (ISR), our ability to process and share information will also be improved.⁵⁶

The advantage of planning for the near term is that there is “some” level of certainty as to the likely deployment localities of the NZDF. Capability renewal is an ongoing process that may require shifting priorities depending on the developing security

⁵⁴Ibid.

⁵⁵Ibid.

⁵⁶New Zealand Defence Force, Office of Strategic Management, “NZDF Future 35 Strategy Map,” electronic correspondence with author, 19 March 2012.

situation. There is a recognition that implementation of this theme will require additional personnel, an increase above current staffing levels.

The NZDF has introduced a concept of “Total Defense Workforce,” which enables “any person in the NZDF (whether uniformed or civilian, full or part-time) to apply for any non-operational position, with the essential determinants for selection being competencies and availability.”⁵⁷ The concept will allow for personnel to transition between regular, reserve and civilian employment without difficulty, thereby enabling the NZDF to leverage skills gained from outside of the military. Total Defense Workforce increases the ability for the NZDF to draw on reserve forces to contribute to missions. The intention is to further release uniformed staff from routine headquarters or support functions to contribute directly to operational outputs, effectively increasing the available pool of deployable personnel.

Future 35 Theme—Organizational Reform

Organizational reform is the second strategic theme of Future 35. The associated, end, ensures that the NZDF is delivering efficiency by being “joined up” and “organizationally excellent.”⁵⁸ The NZDF established a Joint Force Headquarters in 2001, which has enabled more effective joint operations; however the strategy intends for

⁵⁷New Zealand Defence Force, *NZDF Statement of Intent 2011-2014*, April 2011, <http://www.nzdf.mil.nz/downloads/pdf/public-docs/2011/soi/nzdf-soi-2011-14.pdf> (accessed 9 October 2012).

⁵⁸New Zealand Defence Force, Office of Strategic Management, “NZDF Future 35 Strategy Map,” electronic correspondence with author, 19 March 2012.

the NZDF to move beyond this.⁵⁹ It is intended that the force become more “integrated” where the NZDF operates as a homogenous force, rather than single services providing a joint effect. In practical terms, it involves reducing single service organizational duplication to leverage low density trades to form defense capability, to service the wider NZDF. It also includes instituting robust measures of performance, further governance, and leveraging business practice to inform corporate efficiency. It is within this “reform” that the fiscal constraints placed upon the NZDF are articulated, with graduated savings targets being identified to enable reinvestment into the organization. A trend analysis of defense budgets and savings targets form the core of answering secondary question one.

The three, ways, to achieve organizational reform include “improving the governance and management of the NZDF” where senior leadership boards look to gain organizational efficiencies.⁶⁰ The second is “(g)enerating savings for reinvestment into NZDF capability,” where fiscal efficiencies are found to enable reinvestment into the organization.⁶¹ The final, way, is to “deliver effective and efficient business services that add value,” in essence seeking opportunity to remove non-core functions from the organization to allow it to focus on its primary outputs.⁶²

⁵⁹Jim Rolfe, *Cutting their Cloth: New Zealand’s Defence Strategy* (Australia: Australian Strategic Policy Institute, April 2007), http://www.aspi.org.au/htmlver/cutting_their_cloth/_lib/pdf/ASPI_S7_NewZealand.pdf (accessed 9 October 2012), 14.

⁶⁰New Zealand Defence Force, Office of Strategic Management, “NZDF Future 35 Strategy Map,” electronic correspondence with author, 19 March 2012.

⁶¹*Ibid.*

⁶²*Ibid.*

The, means, to achieve the organizational reform lay within an “improvement in technology and infrastructure.”⁶³ Specifically it will see:

NZDF’s real estate portfolio optimally aligned to meet future NZDF needs. IT infrastructure is capable of supporting NZDF and developed to ensure appropriate capability is in place to support future military capability and future corporate systems.⁶⁴

The focus of the final, means, is to reduce fixed cost expenditure, particularly in military infrastructure, which provides a significant overhead within the organization. This will see measures such as the elimination of service housing to personnel and a military base consolidation being implemented by the end of 2014 and 2015 respectively. Further, from an Information Technology perspective, which has a technological shelf life, the intent is to look for capabilities that enable enhancement rather than limit future development as needs change.

The military strategic end state of the short term strategy for organizational reform will see the NZDF:

[C]ontinuing to sustain all operational commitments and be more effective in generating capability. Be able to deploy a Joint Amphibious Task Force (JATF), which can deploy, conduct operations and sustain a Combined Arms Task Group (CATG). To be able to lead mid intensity operations or operate as a coalition force (most likely with the Australian Defence Force). Have improved capability enhancements in sea basing, air mobility and Intelligence, Surveillance and Reconnaissance (ISR), NZDF ability to process and share information will also be improved.⁶⁵

While the strategy provides a conceptual methodology for implementation, it also provides the NZDF with the Lines of Operation that will be adopted to achieve success,

⁶³Ibid.

⁶⁴Ibid.

⁶⁵Ibid.

including the key milestones of equipment procurement and test (evaluation) of the JATF capability.

There is a significant amount of change or “transformation” required to implement the strategy, which will be conducted while the NZDF remains committed to a high tempo environment.

New Zealand Defence Force Employment Contexts

Having reviewed the Future 35 Strategy, we will now turn to how government resources the NZDF. Strategic documents such as the *Defence White Paper 2010* articulate the likely scenarios in which government would consider using military force. The scenarios have been grouped by the NZDF in terms of geographical regions and military response scenarios known as Employment Contexts (ECs).⁶⁶ An EC provides a framework against which NZDF force elements can train, be employed and provide government options for deployment. The NZDF EC is shown below in table 1 and figure 1. EC 1, centers on a military response in defense of New Zealand or its immediate environs in which there is no discretion for deployment. Elements that directly support this EC are held at the highest level of readiness. Conversely, military options in support of EC 4 and EC 5 are considered to be discretionary, as such, forces that contribute to these contexts are held at a lower state of readiness. It is considered that the EC from 1 through 5 exist on a sliding scale where EC 1 represents a deployment of necessity and EC 5 represents a deployment of choice.

⁶⁶New Zealand Defence Force, *Annual Report 2012*, 39.

The ECs have identified specific mission sets within each geographical region. Depending on the region and mission there are associated mission essential tasks that are required to be achieved. Each mission essential task has an associated level of training, and depending on the response times dictated by government, there are varying degrees of preparedness funded and sustained. The NZDF force elements are provided guidance on specific ECs which they are to train against these in turn inform the resource bids in the Vote Defence Force.

Table 1. New Zealand Defence Force Employment Contexts

EC 1 - Security Challenges and Defence Tasks in New Zealand and its Environs:	
EC 1A	Illegal exploitation of marine resources within the New Zealand EEZ, and other low-level threats to New Zealand territorial sovereignty.
EC 1B	Natural and manmade disasters.
EC 1C	Support to the delivery and maintenance of essential services in exceptional circumstances, including the hosting of major events.
EC 1D	Terrorist and Asymmetric Threats.
EC 1E	Support for Antarctic presence.
EC 2 - Security Challenges to New Zealand's Interests in the South Pacific:	
EC 2A	Illegal exploitation of marine resources within South Pacific EEZs, and other low-level threats to South Pacific nations' territorial sovereignty.
EC 2B	Natural and manmade disasters.
EC 2C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 2D	Terrorist Threats.
EC 2E	Challenges to legitimate governments, including civil war and secessionist conflict.
EC 3 - Challenges to New Zealand and Australia Common Security Interests:	
EC 3A	Illegal exploitation of marine resources within Australia's EEZ, and other low-level threats to Australia's territorial sovereignty.
EC 3B	Natural or manmade disasters.
EC 3C	External aggression against Australia.
EC 3D	Terrorist or Asymmetric Threats.
EC 4 - Security Challenges to New Zealand's Interests in the Asia-Pacific Region:	
EC 4A	Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
EC 4B	Natural or manmade disasters.
EC 4C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 4D	Terrorist Threats.
EC 4E	Weapons of Mass Destruction (WMD) proliferation.
EC 4F	Inter-State conflict.
EC 4G	Acts of piracy and people smuggling.
EC 5 - Security Challenges to New Zealand's Interests in Global Peace and Security:	
EC 5A	Aggression to alter maritime boundaries or seize resources, or threats to freedom of navigation.
EC 5B	Unresolved conflict or conflict resolution process where protagonists have sought third party resolution assistance.
EC 5C	State failure or fragility leading to internal conflict and/or humanitarian crisis.
EC 5D	Terrorist Threats. (The War against Terrorism)
EC 5E	WMD proliferation.
EC 5F	Contravention of international norms that triggers a multi-national response.
EC 5G	Major breakdown in international security leading to wide-scale war.
Note: The ECs highlighted in the table above are those that have been fully developed and against which all NZDF force elements are assessed for operational preparedness (see output tables 2 - 14 in Section 3). Responses to EC 1 events are non-discretionary. Responses to EC 2 events involve limited discretion, aside from those territories for which New Zealand has constitutional or treaty obligations where responses are non-discretionary. Responses to EC 3 events involve limited discretion, while responses to EC 4 and 5 events are discretionary.	

Source: New Zealand Defence Force, *Report of the New Zealand Defence Force for the year ended 30 June 2012: Annual Report 2012*, <http://nzdf.mil.nz/downloads/pdf/public-docs/2012/nzdf-annual-report-2012.pdf> (accessed 23 October 2012), 40.

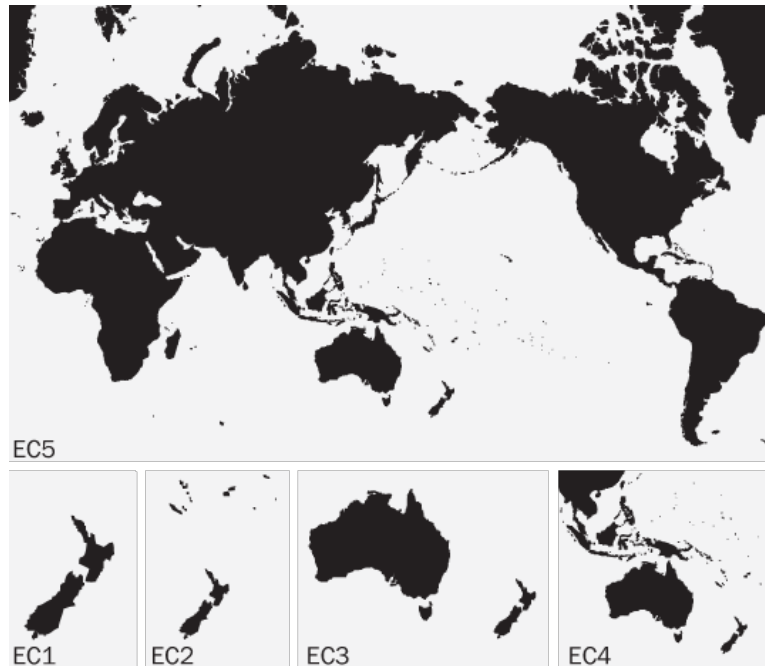


Figure 1. New Zealand Defence Force Employment Contexts

Source: New Zealand Defence Force, “Employment Contexts,” Last reviewed 12 June 2012, <http://www.nzdf.mil.nz/what-we-do/employment-contexts.htm> (accessed 22 October 2012).

New Zealand Defence Force Levels of Capability

Within each EC there are identified force elements with which to respond. Each force element is funded to a specified level of capability, providing a metric in which operational readiness can be measured across the NZDF. Differing levels of capability have an associated cost, the shorter the deployment timeframe the higher the level of capability of the unit. It is important to understand the levels of capability as they provide an indication of the level of threat perceived by the NZDF and government. Further, the

fiscal resources allocated to defense, directly affect its preparedness. There are three levels of capability within the NZDF.

The first is Base Level of Capability, which is where a unit has not specifically trained against a requisite employment context. Base Level of Capability is considered the lowest level of capability that can be retained without skill atrophy. The time required to train a unit at Base Level of Capability to meet an employment context can be significant and there is a high level of cost in terms of money and time associated with generating capability from this level. In contrast, the Operational Level of Capability is the highest trained state that a unit can be at to achieve identified mission sets in a specific employment context. The Operational Level of Capability allows a short response time to meet a directed employment context and the associated fiscal cost to sustain this is high. Given the cost, only units that are required for immediate deployment in support of EC 1 or identified to deploy on overseas missions are trained or maintained at the Operational Level of Capability. The intermediate trained level is the Directed Level of Capability (DLOC). The DLOC is the training level funded for and maintained by the NZDF to meet discretionary employment contexts within government directed response times. Units that do not directly support EC 1 will generally train to DLOC and be funded accordingly.

Vote Defence Force Appropriations

Having examined the respective employment contexts that government considers, the use of the NZDF, as well as the levels of capability that force elements train against, we are able to look at how this impacts funding. The government articulates its funding appropriations to the various departments and agencies in terms of a “vote.” Bids are

placed to government annually as part of a budget round and fiscal resources are allocated for the Financial Year (FY) commencing 1 July. As part of the budget allocation, two supplementary rounds are conducted in November and February to redistribute resources internally, within agencies and provide external transparency to government on departmental expenditure progress.

The financial appropriation provided to government departments (including NZDF) is articulated in “real dollar terms” that is not adjusted for inflation. The New Zealand government expenditure is conducted on a nominal basis in that any additional costs, such as inflation, are fiscal risks borne by the respective departments and it is for them to manage within their respective baselines. Inflationary increases or impacts are identified during supplementary rounds and additional funding is allocated if required.

As a result of a review in 1989, the Ministry of Defence was split into two distinct parts, a civilian and military component.⁶⁷ The civilian Ministry of Defence is charged with policy, acquisition of military equipment, as well as assessment and independent auditing of the NZDF. The Ministry of Defence is funded through the government Vote Defense Appropriation. Due to the non-operational role of the Ministry of Defence, coupled with its separate and modest budget, it has not been considered in the fiscal analysis. The second defense funding component is the uniformed NZDF, which gains resources through Vote Defence Force. The NZDF’s focus is operational, concerned with the deployment and employment of military forces on behalf of Government. Allocation of fiscal resources to Vote Defence Force is a central element of the thesis analysis.

⁶⁷Skudder, *New Zealand Army*, 158.

Within Vote Defence Force, the NZDF captures the costs of funding through 16 distinct Output Expenses. The Output Expenses are military capabilities or services that contribute to the achievement of missions across employment contexts. Output Expense 1 provides headquarters overheads as well as NZDF contributions to government policy and contingency planning. Output Expenses 2 through 6 provide for Naval capabilities, 7 through 10 Army capabilities, and 11 through 14 Air capabilities. Fiscal allocations against the Output Expenses are for units to achieve DLOC training objectives. Output Expense 15 provides for NZDF support to miscellaneous activities such as cadet forces, exchange training programs, and youth development. Finally, Output Expense 16 is the cost associated with operational missions for cabinet approved deployments of NZDF force elements. Output Expense 16 also includes the funding required to raise the trained state of force elements from DLOC to Operational Level of Capability.

In addition to the annual budget round that sustains the NZDF, there has been an injection of parallel funding through the Defence Sustainability Initiative, which is a direct result of a Defense Capability and Resourcing Review conducted in 2005.⁶⁸ The intention of this funding, some \$4.6B over 10 years, was to provide the NZDF the ability to consolidate after a sustained period of deployment, relating to its large commitment to Timor Leste ending in 2002.⁶⁹ The additional funding from the Defense Sustainability

⁶⁸New Zealand Defence Force, *Defence Sustainability Initiative (DSI)*, Last reviewed 29 June 2007, www.nzdf.mil.nz/corporate-documents/strat-plan/dsi.htm (accessed 2 September 2012).

⁶⁹New Zealand Defence Force, *Report of the New Zealand Defence Force for the year ended 30 June 2009: Annual Report 2009*, <http://nzdf.mil.nz/downloads/pdf/public-docs/2009/nzdf-annual-report-2009.pdf> (accessed 23 October 2012), 14.

Initiative has not been included in the trend analysis by the researcher, as it does not influence Vote Defence Force appropriations.

The next chapter will conduct both quantitative and qualitative analysis of the New Zealand national security objectives “ends and ways” against the nations, means, in terms of the NZDF. This analysis will leverage off current doctrine and best practice of other military forces that the NZDF uses as a benchmark to measure its credibility.

CHAPTER 4

WILL FUTURE 35 MEET THE SECURITY NEEDS OF
NEW ZEALAND INTO 2020 AND BEYOND?

If the country is to guarantee its own defense in an insecure world then it will have to support national security in the same way it provides for social security. Without a secure sovereign state there tends to be no other securities for a nation's citizens.⁷⁰

— G.J. Clayton

The Chief Executive Officer of STRATFOR, George Friedman in his book *The Next 100 Years*, identified that the Pacific Basin is a geopolitical fault line that is likely to be a conflict area in the coming decades.⁷¹ He asserts that there is a perceived imbalance of power in the region between Asian countries and pressure on maintaining sea lanes to ensure global commerce that could be a potential friction point. Geopolitical forecasting is not an exact science; however it is within this uncertain security environment that New Zealand seeks to maintain a credible and affordable defense strategy. The publishing of key defense reviews in light of the changing financial status quo has seen the NZDF unveil the Future 35 Strategy. The strategy is intended to provide the foundation for organizational change and reform, enabling the NZDF to appropriately posture itself for the future.

The study conducted will determine whether through fiscal or physical means, the NZDF will be able to achieve the, ends, of efficiency and effectiveness it seeks with the,

⁷⁰Skudder, *New Zealand Army*, 169.

⁷¹George Friedman, *The Next 100 Years: A Forecast for the 21st Century* (New York: Anchor Books, 2010), 66-67.

means, available to it. The analysis will then consider the external and internal influences on the NZDF that may impact the implementation of Future 35 as a strategy. Finally, the central thesis question will be answered; that is, will Future 35 meet the security needs of New Zealand into 2020 and beyond?

Secondary Question One: New Zealand Defense Spending

A key indicator of whether the organizational strategy will succeed lies in the fiscal Vote Defence Force; the allotment of resources by government to its departments is a clear metric to understanding national priorities. In the case of New Zealand it is particularly relevant, with no direct threat, significant public support for defense, and the reduction in its public sector spending.

Defense spending provides international credibility in terms of national defense. The nominal minimum North Atlantic Treaty Organization spends for members is anecdotally 2 percent of the Gross Domestic Product; this serves as a useful benchmark when understanding how New Zealand relates to other countries.⁷² In 2010, New Zealand's Gross Domestic Product was nominally \$189.4B NZD, comparing this to its defense spend in the same year it is approximately 1.04 percent of Gross Domestic Product.⁷³ While there is no physical threat to New Zealand, in relative terms there is a significant gap between what could be considered a credible spend and the actual spend.

⁷²Member states are expected to provide sufficient fiscal resources to fulfill its membership responsibilities. NATO, "Membership Action Plan," April 1999, <http://www.nato.int/docu/pr/1999/p99-066e.htm> (accessed 20 September 2012).

⁷³Figures provided by NZ Treasury. The Treasury, *Fiscal Times Series 1972-2011*, 2 February 2012, <http://www.treasury.govt.nz/government/data/fiscaltimeseries1972-2011-yearend11.xls> (accessed 22 September 2012).

New Zealand has an economy intrinsically linked to international trade and tourism which has been affected by the Global Financial Crisis of 2008. The New Zealand Government has been required to borrow, to meet its non-discretionary spending, however to ensure fiscal sustainability it is seeking to return the country to budgetary surplus by 2014. To return the budget to surplus and manage its financial resources it is seeking to reduce the public sector spending and intends to “deliver better public services, within tight financial constraints.”⁷⁴ Government departments have had their baseline budgets reduced, impacting staffing numbers and services. The notable exception to these reductions is Vote Defence Force which has been “capped,” with directed savings to be achieved for reinvestment into the organization, but not reduced.

Analysis of New Zealand Defense Expenditure

Since 2001 successive governments have increased Vote Defence Force to assist with meeting operational costs. The *Defence White Paper 2010* articulated conceptually how financial redistribution would occur within the NZDF and the Value for Money Study was undertaken, to understand where it could occur to deliver efficiencies. In implementing the Future 35 strategic theme of organizational reform, the NZDF now seeks to achieve up to \$400M in savings from its capped budget per FY. If it can achieve these savings the NZDF will meet its strategic, end, of “delivering an efficient NZDF” and reinvest into operating costs supporting its front line.

⁷⁴The Treasury, *Fiscal Strategy Report 2012*, 24 May 2012, <http://www.treasury.govt.nz/budget/2012/fsr> (accessed 22 September 2012), 3.

The impact of natural disasters, such as the Christchurch earthquake, on government spending priorities cannot be understated. New Zealand's Minister of Finance explained that at the time of the 2011 government budget:

Treasury estimated the combined cost of the 4 September and the 22 February earthquakes to be equivalent to about 8 percent of New Zealand's Gross Domestic Product. Damage from the 1995 Kobe earthquake in Japan, was just over 2 percent of Japan's Gross Domestic Product. Hurricane Katrina in 2005 cost about 1 percent of the US Gross Domestic Product, and March's Japanese earthquake and Tsunami disaster was an estimated 3 to 5 percent of Japan's Gross Domestic Product.⁷⁵

The financial impact on the New Zealand economy and government discretionary spending has been significant.

Since the publication of the *Defence White Paper 2010* and the Value for Money Study, New Zealand has been subject to major manmade and natural disasters which have impacted government discretionary spending. NZDF force elements deployed in support of civil authorities under EC 1, in essence, committing government funds as well as resources. The continued cost of repair and recovery operations has seen a large financial outlay from government. The physical and financial recovery continues, however the fiscal impacts on the nation have not yet been fully realized. Given the desire for government to return to budgetary surplus, these events may further impact public sector spending.

For the purposes of this study, the focus of the analysis has been on macro defense spending since 2001, a period where the NZDF has seen consistent deployment

⁷⁵Bill English, "Finance Minister to visit World Bank, IMF," 19 September 2011, <http://www.billenglish.co.nz/authors/1-Admin/www/video/English%2019%20February%202007/Christchurch/uploads/Ratana%203%20Bill%20English/www/P12.html> (accessed 1 November 2012).

of its force elements. Prior to conducting the examination of Vote Defence Force, the analysis made two assumptions that impact the way data is interpreted. The first key assumption is that there is an unknown fiscal outlay beyond FY 2012/2013. The government has indicated that there is unlikely to be a substantial increase in defense spending. The current level of spending for FY 2012/2013 has been used as a constant into 2020. The second assumption is that there will be no further savings directed of the NZDF, for operational reinvestment.

The New Zealand Government and the NZDF recognize that future capital procurement will require additional funding if capability proposals for the future NZDF are to be realized. Programmed capability renewal can be absorbed within baseline budgets until 2021 then it will require “significant capital injections.”⁷⁶

The trend analysis of New Zealand defense spending since 2001 (figure 2) demonstrates a net increase in funding by successive governments to Vote Defence Force. The forecasted (blue line) and actual (red line) expenditures relate specifically to the budgeting and spending of Vote Defence Force during the years indicated. The savings (green line) represents the forecasted savings that has been directed by government to be reinvested into defense operating cost, negating the need for further defense spending less capital procurement.

Also represented in the graph is the single service funding in four key areas, Headquarters, Army, Navy and Air Force costs. Not represented in the data for the Vote

⁷⁶New Zealand Ministry of Defence, *Briefing for the Incoming Minister of Defense (Background Information)*, Publicly released 2 February 2012, <http://www.nzdf.mil.nz/downloads/pdf/public-docs/2012/bim/bimbackgroundinfo.pdf> (accessed 9 October 2012), 19.

Defence Force appropriation are the governmental capital charges for use of defense assets or depreciation, which in 2012 equated to \$767M of the total \$237B appropriation.⁷⁷

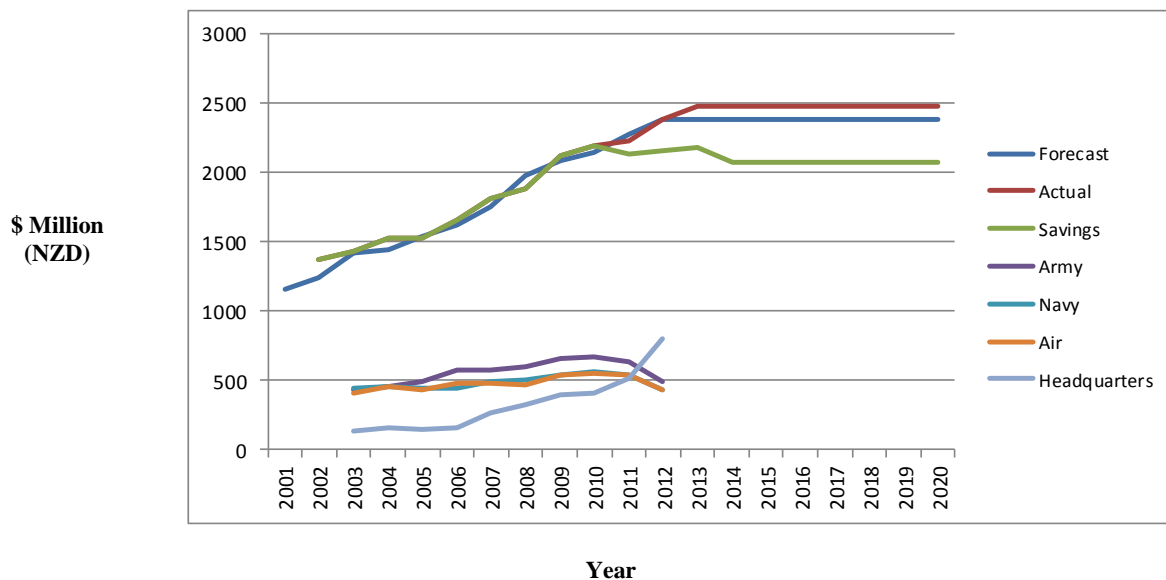


Figure 2. Vote Defence Force Expenditure Trend Analysis

Source: New Zealand Defence Force, *Annual Report 2001 to Annual Report 2012*, <http://www.defence.govt.nz/reports-publications/archive-reports-publications.html> (accessed 25 October 2012).

Since 2001 there has been a marked increase in annual New Zealand defense spending of approximately \$1B. FY 2001/2002 saw \$1.16B allocated to Vote Defence Force, in contrast FY 2011/2012 the appropriation was \$2.3B. The trend analysis also shows a gradual increase in single service spending, with a decline in FY 2010/2011 and FY 2011/2012 which is likely a result of centralizing functions within the NZDF as part

⁷⁷New Zealand Defence Force, *Annual Report 2012*, 18.

of organizational reform. The trend is further reinforced with the notable increase in Headquarters spending which has experienced a two fold increase from \$394M in 2001 to \$803M in 2012. The increase in Headquarters costs directly relates to the centralization of key functions and nests within the strategic intent of increasing efficiency and reducing organizational duplication, which will be discussed shortly.

The trend analysis demonstrates that there is not a fundamental decline in the resources allocated, rather there has been a shift in how it is internally applied. The trend analysis of Vote Defence Force demonstrates a governmental commitment to funding defense outputs. While the Government is not able to continue to increase the NZDF appropriations, the provision of tools such as the independent Value for Money Study facilitated an understanding of where efficiencies could be made. The direction to the NZDF to make savings for operational reinvestment enables the organization to grow and generate relevant capabilities for the future.

Organizationally, the fiscal redistribution is intended to have a positive effect on the NZDF force structures. Tangibly, it has seen the forecasted growth of the “front line” structures to meet the intended requirements of Future 35 across the three services. There has also been the introduction of an “economy of force” on back end support structures designed to enable the force, represented by the increased centralized Headquarters costs. The restructure has included the centralization of Human Resource functions into a central hub, the reduction or removal of trades within the services (such as the administrative trade directly supporting front line units), and the central pooling of high use equipment. All organizational changes have been designed to increase efficiency

within the NZDF; each has a fiscal savings associated with it to enable the desired resource distribution to occur.

The NZDF approach to organizational reforms have stopped short of the Canadian “unification” experience, however many of the themes remain. The Canadian Forces undertook significant organizational reforms in the 1990s under the Management Command and Control Re-Engineering initiative were “mandated to reduce resources consumed by headquarters, infrastructure, and wasteful business practices, and to transfer those savings to operational capabilities.”⁷⁸ These changes removed responsibilities from the field commanders and centralized them under functional commands, which, in effect, made responsibilities ambiguous and impacted the overall effectiveness of the organization.

The introduction of the JATF concept has enabled both government and the respective services to understand the direction and outputs expected of the NZDF into the future. Given the interoperability requirements in training and deployment, the fiscal outlay to implement the organization could be problematic, particularly if government is unable to reign in public sector spending. Currently, force elements have had elementary training in amphibious operations and could be considered as being at Base Level of Capability. The force generation required to increase the trained state to DLOC will require operational investment, which will need to be factored into resource allocation.

The success of interagency operations has had an impact on the operational budget of the NZDF. As the JATF concept moves beyond the conceptual stage and into

⁷⁸Major General Daniel Gosselin, Hellyer’s Ghosts: Unification of the Canadian Forces is 40 Years Old- Part Two,” *Canadian Military Journal (CMJ)* 9, no. 3 (2009), <http://www.journal.forces.gc.ca/vo9/no3/04-gosselin-eng.asp> (accessed 9 October 2012).

practical reality the associated costs for fielding are likely to be significant which will need to be factored into Vote Defence Force savings.

The anticipated retrograde of military deployments from the three major mission areas, as outlined in chapter 1, of Afghanistan, Timor-Leste, and the Solomon Islands, will see an increase in the burden of funding from Vote Defence Force baseline budgets. Output Expense 16 or deployment costs are funded in “addition to” the baseline Vote Defence Force, additional troops within New Zealand will increase the overall training costs. The closedown of the major NZDF missions will require viable training alternatives for the soldiers who now will not necessarily deploy. The NZDF has not been required to fund DLOC training for force elements that are deployed. With the equivalent of three company groups overseas, the impact of increased DLOC generation will have a tangible impact on the organizations operating budget.

The refocus of expenditures to support the “front line” has resulted in a rethink on how to introduce and manage military capability. Options to “lease” equipment, the use of contractors or the establishment of “private equity partners” are being, and have been explored, to meet future needs.⁷⁹ Private equity partners release “up front” expenditures for military capability, allowing the directed savings to be made. While exploring options for alternative service providers to deliver capability there is an inherent risk. The associated costs with deployment of equity partners will still need to be met. The approach provides efficiency in daily operations in a peace time military with the cost essentially being deferred into the future. Further, experiences of contractor support from other military forces show that contractors can be a liability on deployed operations given

⁷⁹New Zealand Government, *Defence White Paper 2010*, 80.

they are a “dependency” that requires support (whether logistically or in security terms) where military owned assets are more multifunctional.

Conclusions for New Zealand Defense Expenditure

The New Zealand Government has continued to balance defense spending against other domestic priorities and ensured that the NZDF remains affordable. That Vote Defence Force has not been subjected to the same significant reductions as other areas of government spending and this indicates the value in which the government holds the NZDF. The trend analysis of Vote Defence Force since 2001 demonstrates that there has been a trending increase in fiscal resources to the NZDF. The analysis also noted since 2010 government direction has altered the funding model for Vote Defence Force, but there has been no net reduction in fiscal resources to the NZDF.

While it is clear that fiscal austerity measures are being implemented, it is occurring internally within the NZDF and they are enabling the force to aspire to Future 35 while remaining viable. A key issue centers on a continuation of defense spending and the ability for New Zealand to deploy or employ military forces to further national interests. It is unclear based on the data whether the availability of financial resources has impacted how the NZDF is employed; however as the Government continues to balance fiscal prudence with national interest necessity it is likely to be an issue. In order to meet the savings requirements the NZDF is reducing marginal costs and likely to seek to retain fiscal reserves centrally to service the overall strategy.

Having examined Vote Defence Force to determine whether fiscal resources are reducing, the analysis will now examine the physical resources within the NZDF. The

intent of Future 35 is to enable the fielding of a JATF to respond to a spectrum of EC 1 through 4 scenarios (security challenges or tasks in New Zealand and environs, security challenges to New Zealand interests in the South Pacific, challenges to New Zealand and Australian common security interests, security challenges to New Zealand's interests in the Asia-Pacific region), with an expeditionary focus on EC 4 security challenges to New Zealand's interests in the Asia-Pacific region. Intrinsically linked to this is the physical ability for the NZDF to field sufficient forces to conduct stability operations in the Pacific, to do this the study will now answer the next secondary question.

Secondary Question Two: To Meet Future 35 Deployment Objectives
does the NZDF have Enough Physical Resources?

There is often friction between political necessity and military pragmatism regarding the setting of force sizes to undertake desired mission sets. The former often looks to strategic ends, fiscal resources available, and risk while the latter seeks to understand the requisite tasks and allocate appropriate forces, to achieve the desired ends. Through collaboration and compromise, organizations are able to achieve political and military ends.

The NZDF maintains ECs that articulate geographical regions for deployment of force elements. The 2010 White Paper articulated the likely environment that the New Zealand Government would consider the use of military force in:

Response to a direct threat to New Zealand or its territories; in response to a direct threat to Australia; as part of a collective action in support of a member of the Pacific Islands Forum facing a direct threat; as part of New Zealand's contribution to the Five Power Defence Arrangements (FPDA); or if requested or mandated by the UN, especially in support of peace and security in the Asia-Pacific region.⁸⁰

⁸⁰Ibid., 16,

This is not the limit of the NZDF employment, rather the *2010 White Paper* also notes that New Zealand is expected to maintain “at least a level of deterrence sufficient for New Zealand to be able to seek international assistance if required” for national defense as well as “supporting collective security, participating in peacekeeping and stabilization activities.”⁸¹ While both the EC and *2010 White Paper* link, the Future 35 Strategy provides operational focus, of maintaining the capability to deploy into the South West Pacific region.

Future 35 specifies that a 2015 end state for its strategic end to “provide effective future military capability” is to “be able to deploy a JATF, which can deploy, conduct operations and sustain a CATG” as well as “to be able to lead mid intensity operations or operate as a coalition force.”⁸² The strategy is predicated on being capable of maintaining current operational deployments, which equate to a consistent deployment of three Infantry companies or deploying a JATF, not both concurrently.⁸³

Future 35 is transforming the NZDF to achieve the desired political ends through the establishment of modular capabilities that can form a JATF. As outlined in chapter 2, the JATF is to be capable of deploying, sustaining, and conducting operations based on a CATG of up to two Infantry company’s with enablers (such as fires, protection, and sustainment) into “mid intensity” operations, potentially operating with an Australian

⁸¹Ibid., 17-18.

⁸²New Zealand Defence Force, Office of Strategic Management, “NZDF Future 35 Strategy Map,” electronic correspondence with author, 19 March 2012.

⁸³New Zealand Defence Force, *Annual Report 2012*, 48.

coalition in the South Pacific.⁸⁴ Furthermore, while the JATF is intended for use within the immediate geographical region, it does not preclude NZDF force elements being deployed as part of a wider coalition into other operations in support of national interests.⁸⁵

There exists little information on how to determine appropriate force ratios within conventional conflict, and even less for stability operations. Within the conventional setting, US Army retired Colonel Trevor Dupuy attempted to quantify a mathematical formula based on historical data to inform a likelihood of success in his work *Numbers, Predictions and War*. Dupuy's work provides some form to conventional force on force conflict, however does not delve into determining stability ratios. The US Army Tactics, Techniques, and Procedures 5-0.1, *Commander and Staff Officer Guide* provides some historical planning minimum force ratios for offensive and defensive operations. However, both Dupuy and the Army Tactics, Techniques, and Procedures 5-0.1 are generalizations and not particularly useful except for niche areas of this study.⁸⁶

For stability operations, US Army Field Manual 3-24 *Counterinsurgency* provides a starting point, as it seeks to leverage a troop density per head of population rather than combatant ratios, similar to policing. Field Manual 3-24 recommends a minimum troop density within a Counterinsurgency (COIN) conflict to be 20 counterinsurgents per 1000

⁸⁴New Zealand Defence Force, Office of Strategic Management, "NZDF Future 35 Strategy Map," electronic correspondence with author, 19 March 2012.

⁸⁵HQ NZDF Capability Branch, "NZDF Future Joint Operating Concept," electronic correspondence with author, 18 March 2012, 47.

⁸⁶Department of the Army, Army Tactics, Techniques, and Procedures (ATTP) 5-0.1, *Commander and Staff Officer Guide* (Washington, DC: Government Printing Office, September 2011), 4-18.

population as a minimum.⁸⁷ Based on the NZDF definition of “intensity,” a counter insurgent operation could be characterized as mid intensity. While the South Pacific has no trends of insurgencies, there have been discrete examples such as in Bougainville and Timor-Leste where the NZDF has participated in post insurgency conflict reconstruction. However, the likely deployment environment in the future is liable to be peace support operations or more conventional stability operations.

Within this context, John McGrath of the Combat Studies Institute at Fort Leavenworth, Kansas authored *Boots on the Ground: Troop Density in Contingency Operations*, a part of the Global War on Terrorism Occasional Paper series. In this study, McGrath conducts a historical case study of five “stability” operations to determine the force ratio requirements and links this with five “successful” police departments’ employment densities. This analysis provides a useful tool. Essentially, McGrath determined that to contribute to success the desirable troop density is 13.26 soldiers to 1000 population.⁸⁸ Further, to undertake policing or civil security roles, the historical density has been 4.1 security forces to 1000 population.⁸⁹ These numbers can be rounded to achieve a planning ratio of 14:1000 and 4:1000 respectively. The study also states that in situations where civil security is required to be provided in the absence of other local capabilities, that approximately 30 percent of the force would be required to conduct

⁸⁷Department of the Army, Field Manual (FM) 3-24, *Counterinsurgency* (Washington, DC: Government Printing Office, December 2006), 1-13.

⁸⁸John J. McGrath, *Boots on the Ground: Troop Density in Contingency Operations*. Global War on Terrorism Occasional Paper 16 (Fort Leavenworth, KS: Combat Studies Institute, 2006), 147.

⁸⁹*Ibid.*

policing duties.⁹⁰ To provide contrast, within New Zealand the police maintain a density of 1.98 police per 1000 population and Australia 2.4 police per 1000.⁹¹

McGrath's numbers are predicated on there being no existing security forces, which if present, contribute to the overall density to be achieved. Also, the analysis is quantitative only, there is no qualitative assessment or factor employed to further reduce the staffing requirements based on training, technological or combat power advantage.

The study conducted by McGrath considers three Asian countries, post World War II Japan, Malaya, and the Philippines. The force ratios used in these examples were not considered in isolation to inform this thesis, as the broader study provides better utility to force planning across a spectrum of environments.

Analysis of New Zealand Defense Physical Resources

The *Defence White Paper 2010* articulated that the future operating environment of the NZDF is to be focused primarily on regional defense within the South West Pacific. Prior to conducting further examination of the capability of the NZDF to achieve the strategic end, there are some primary assumptions that have been made. The first is, that should the NZDF be deployed and employed into the South West Pacific, there would be no viable security forces in the nation. Secondly, that a deployment of NZDF force elements could be sustained with up to 560 personnel being deployed at any given time, based on two maneuver sub-units of approximately 250 soldiers and associated mission command (sustainment) enablers. This size of deployment could be sustained

⁹⁰Ibid.

⁹¹New Zealand Police, *Briefing to Incoming Minister*, December 2008, www.police.govt.nz/resources/2008/bim_december08.pdf (accessed 20 July 2012), 6.

based on the current force structure, which will be discussed later in the analysis. A minimum force deployment from the NZDF is considered to be a platoon with appropriate “Mission Command” oversight such as a National Command Element. Finally, that lodgment of land forces into Pacific Islands would be permissive, in that with a lack of redundancy in key equipment such as amphibious ships and airframes, to achieve the requisite force ratios, any non-permissive lodgment poses too great a risk to be considered viable.

The analysis has considered nine of the nation states within New Zealand’s strategic Area of Interest. National populations have been examined and given Pacific states are also subject to urban drift, metropolitan populations have been considered. The analysis of the nine nations is not indicative of a potential or likely deployment for the NZDF. Uncertain security situations in the wider Pacific region have necessitated NZDF deployments however there is no intention to deploy into the nations represented. The nations have been used as a hypothetical example based on their geographic location, to serve as raw data for analysis.

Table 2 provides figures across two types of analysis, the first focuses on a New Zealand Policing ratio (1:505 or 2:1000) which represents a military mentoring role that could be provided in destabilizing states. These figures are predicated on a “low intensity” threat environment, where the NZDF would provide the equivalent of Defense Support to Civil Authorities. The second examines the relative troop requirements to conduct operations based on the figures provided in Field Manual 3-24, *Counterinsurgency*, 2006, McGrath’s military ratio, and policing ratio to determine

figures. The COIN ratio represents the ratio required for the high end of mid intensity operations while McGrath's figures are predicated on a lower mid intensity threshold.

The analysis figures have been color coded providing an assessment of the NZDF's ability to conduct stability operations in the respective nations or major urban areas, given the assumption criteria previously listed. The color code indicates whether the operations could be conducted unilaterally by the NZDF, with coalition augmentation, or within a discrete Area of Responsibility as part of a larger coalition. The analysis also provides the likely capability that the NZDF would need to deploy LTG and CATG to conduct the stability operation, regardless of either unilateral or coalition deployment.

The quantitative analysis in table 2 shows that the NZDF will be capable of providing the requisite land forces to achieve this end state in three of the nine countries examined. Within the remaining countries there are urban centers that the NZDF could provide some force elements within a wider coalition to achieve a desired effect. In these cases, the military force ratio would be sufficient to operate at the lower threshold of mid intensity.

The nations where NZDF can establish the requisite force ratios to potentially achieve success in a stability operation have no major national security forces. Also, within these island states there is no major concentration of firearms or political situations that would indicate the requirement to conduct COIN operations. Where there are nation states with greater political friction and access to firearms, there could be a higher level of violence within a mid intensity operation. Consequently, the NZDF could

participate in stability operations either in support of a coalition or lead coalition operations, but is not resourced to handle it alone.

The figures in table 2 indicate that NZDF is capable of achieving its desired effects in discrete areas of the Pacific; however, the practical reality of implementing a force lodgment of a CATG is problematic. Given the limited redundancy in key platforms within the NZDF inventory there are immediate conclusions that can be drawn regarding limitations to the employment profile of the JATF concept. Any analysis of the enabling maritime or air forces are outside of the scope of this work and are recommended for further study.

Within the current force structure, the NZDF has the requisite numbers of troops to form both a LTG and CATG. In terms of the strategic end of providing “effective future military capability,” the focus of this should be on redundancy in platforms rather than additional troops. While deploy and dwell ratios have not been explored in detail, there appears to be just sufficient resources within the regular force to sustain enduring CATG operations. Total Defense Workforce will mitigate this to an extent; however it is unclear from the research how this will tangibly impact the NZDF personnel status quo.

As a Pacific Island Nation, New Zealand also has an inherent relationship with other island nations. The “soft” effect of mutual understanding and respect can be utilized to compliment “hard” power, however it is difficult to quantify.

Table 2. Force Ratios Required for NZDF Operations in the South Pacific

Nation/ Major Population Centres	Population	Land Mass (km2)	Popn Density	NZ Police Ratio (2:1000)	COIN (40:1000)	CSI Mil Ratio (14:1000) [3]	CSI Police Ratio (4:1000) [3]	Go/ No Go
Cook Islands [2]	10,777	236	45.67	21	431	151	43	LTG
Niue [2]	1,269	260	4.88	3	51	18	5	LTG
Samoa [1]	182,918	2850	64.18	362	7317	2561	732	
Apia	35,841			71	1434	502	143	LTG/ CATG
Vaitele	7,921			16	317	111	32	LTG
Faleasiu	4,026			8	161	56	16	LTG
Tokelau [2]	1,368	12	114.00	3	55	19	5	LTG
Tonga [1]	102,994	718	143.45	204	4120	1442	412	CATG
Nuku'alofa	24,571			49	983	344	98	CATG
Mu'a	5,294			10	212	74	21	LTG
Neiafu	3,954			8	158	55	16	LTG
Tuvalu [1]	11146	26	428.69	22	446	156	45	LTG/ CATG
Vaiaku (Fongafale)	5,310			11	212	74	21	LTG/ CATG
Asau	664			1	27	9	3	LTG
Lolua	539			1	22	8	2	LTG
Timor Leste [1]	999,155	14874	67.17	1979	39966	13988	3997	
Dili	176,639			350	7066	2473	707	
Dare	20,744			41	830	290	83	CATG
Los Palos	17,819			35	713	249	71	CATG
Solomon Is [1]	554,050	27540	20.12	1097	22162	7757	2216	
Auki	7,448			15	298	104	30	LTG/ CATG
Munda	5,064			10	203	71	20	LTG/ CATG
Vanuatu [1]	260,505	14760	17.65	516	10420	3647	1042	
Port Vila	51,319			102	2053	718	205	CATG
Luganville	14,427			29	577	202	58	LTG/ CATG
Fiji [1]	883125	18270	48.34	1749	35325	12364	3533	
Nasinu	89,522			177	3581	1253	358	CATG
Suva	85,345			169	3414	1195	341	CATG
Nausori	62,073			123	2483	869	248	CATG

Go/ No Go Criteria		Requires coalition operation/ augmentation
		NZDF could participate in defined AOR
		NZDF could conduct unilaterally

Source: [1] Country Watch, http://www.countrywatch.com.lumen.cgscarl.com/cw_default.aspx; [2] The CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ne.html>; [3] John McGrath, *Boots on the Ground: Troop Density in Contingency Operations*, http://usacac.army.mil/cac2/cgsc/carl/download/csipubs/mcgrath_boots.pdf (accessed 16 September 2012). Figures do not include minimum force strength of deployment--Platoon with higher C2.

Conclusions for New Zealand Defense Physical Resources

Future 35 is predicated on the deployment and employment of the NZDF in the South Pacific on primarily, stability operations. Inherent within stability operations is the requirement to undertake offensive and defensive mission sets, whilst concurrently providing the basic stability functions. Future 35 also acknowledges that NZDF force elements may be undertaking operations in support of other government national interests in other theatres of operations, which could reduce the pool of resources from which to draw from, to conduct regional security operations.

The analysis of the nation states within New Zealand's area of interest shows that the NZDF is capable of achieving its desired end state of conducting mid intensity operations in the South Pacific. In this regard, the NZDF is well postured to meet its desired end state. There are inherent limitations in air and maritime platforms that establish criteria for employment of the JATF, particularly around the lodgment of forces into a "permissive" environment. Due to the significant number of variables that impact the employment of maritime and air platforms, they have not been considered fully in this study.

Having examined the fiscal challenges and the physical resource challenges confronting the NZDF with the implementation of the Future 35 Strategy, the paper will now assess the third secondary question of "what challenges may influence the NZDF into 2035."

Secondary Question Three: What Challenges may Influence the NZDF into 2035?

Having examined what Future 35 seeks to achieve with its strategic ends, the impacts of fiscal resource constraints, and physical resources as, the means; qualitative analysis will now explore the external and internal, ways, that may impact the implementation of the strategy. George Friedman states that “there is no magic twenty-year cycle; there is no simplistic force governing pattern[s]. It is simply that the things that appear to be so permanent and dominant at any given moment in history can change with stunning rapidity.”⁹² It is within this context that the secondary question of “what challenges may influence the NZDF into 2035” will be explored, a geopolitical environment of constant change.

New Zealand’s strategic outlook is outlined in the *Defence White Paper 2010* as well as the NZDF Future Joint Operating Concept. They focus on an uncertain security environment and the likelihood of persistent conflict in largely urban areas within politically unstable states. Further, there is a focus on increased pressures on natural resources and underlying international systems. These assessments are extant, however there are inherent external and internal challenges that will impact the ways in which NZDF will be deployed and employed. The challenges will affect both NZDF’s means and desired ends which will be explored in more detail.

New Zealand External Challenges Affecting the NZDF to 2035

The global geopolitical system is not static; rather it is in constant flux as states interact with each other. New Zealand, reliant on maritime trade for import and export has a small geopolitical “margin of error,” it relies on international systems,

⁹²Friedman, *The Next 100 Years: A Forecast for the 21st Century*, 3.

treaties, and an open foreign policy, exploiting diplomatic “soft effects” rather than a military “hard effect” approach.⁹³ This influences the way that New Zealand interacts globally, but also how government views the NZDF as an instrument of national power.

There are numerous external challenges that could potentially affect the NZDF; however this study focuses on three key issues. The first is the impact of the US pivot into the Pacific region and how this may affect the relationship between the two countries. The second will explore the militarization of Asia and New Zealand’s regional treaty obligations. The third issue is the New Zealand bid for a United Nations Security Council seat in 2015.

The US Pacific Pivot

The so-called US pivot into the Pacific will likely have an impact on the NZDF and the implementation of its Future 35 Strategy. The NZDF has developed its strategy in the knowledge that the US move into the Pacific will leverage military diplomatic engagement and seek to reestablish strategic alliances. While Australia continues to maintain bilateral relations with the US through the ANZUS Treaty, New Zealand’s ANZUS suspension and strained relations have been thawing since 2001. As the bilateral reengagement continues to mature, New Zealand seeks to develop a credible military structure that can interact positively with the US forces within the Pacific region—the JATF forms the core of the approach.

The ANZUS suspension arguably impacted the NZDF more than any other New Zealand government department, and while it has continued, since 2001 with the commitment of New Zealand force elements in support of operations in Afghanistan,

⁹³Ibid., 47.

there has been a tangible thawing of relationships. The response by New Zealand in the 1980s to a hard-line US policy increased international perception of New Zealand as a nation which will seek to maintain an independent and moderate foreign policy. Since 2010 there has been an increase in bilateral military engagement, this interaction continues. New Zealand will continue to maintain an independent foreign policy, however seeks to align itself with the US without compromising its extant relationships with countries such as China.

The continued thawing of US-New Zealand relations places New Zealand government leaders under some domestic pressure. Many New Zealanders perceive the nuclear issue that became the fault line causing a bilateral rift as a point of national pride. Continuing to manage the domestic audience, as well as developing improved bilateral relationships will be critical to ensure that New Zealand is not militarily relegated again in the future. While New Zealand has gained national pride from its anti-nuclear stance, it also recognizes the requirement to maintain positive trade relations with Pacific Rim countries. US influence in the South Pacific will continue to grow and New Zealand, with well developed relationships, will need to manage perceptions. It is likely that public opinion will be closely monitored by the New Zealand government, which could sway its interaction with the US, impacting the NZDF and its role in national security.

The US commitment and re-posturing continues to gain momentum, which places pressure on the NZDF to ensure that it is prepared to comprehensively interact when needed. Given the significant commitment of force elements both domestically and in expeditionary roles, the ability for the NZDF to manage this could be difficult. Prudent fiscal outlays to meet the US expectation will need to be balanced with the maintenance of extant regional relationships, particularly with major trading partners.

Furthermore, how the NZDF leverages increased interaction will require the commitment of NZDF personnel into US staff posts, which with a small pool of personnel could impact functional areas within defense.

Militarization of Asia Pacific

Sustained economic growth and an uncertain security situation have seen Asian countries become increasingly militarized.⁹⁴ The ability of New Zealand to retain relevance, achieve its stated national security interests, and maintain its treaty obligations in Asia becomes increasingly important. New Zealand has an active interest in ensuring a secure and stable Asia, allowing international trade to occur in a market in which a third of New Zealand exports are sent. The ability of New Zealand to force project military capability into Asia is problematic without coalition support, but the NZDF continues to contribute indirectly to an overall Pacific strategy by mitigating conflict in smaller Pacific Island nations facilitating other Allies actions.

From a New Zealand perspective, a militarizing Asia increases the relevance of extant military treaties to mitigate potential conflict in the region. Regional engagement maintains both military and trade links to strategic partner nations. As a member of nine of the eleven Asian regional groupings, compared to six memberships for the US in 2007, New Zealand has the ability to interact positively in Asia in support of both regional stability and in support of Allies provides a unique position for New Zealand.⁹⁵

⁹⁴International Institute for Strategic Studies, "Chapter Six: Asia," *The Military Balance* 112, no. 1 (2012), <http://dx.doi.org/10.1080/04597222.2012.663215> (accessed 12 September 2012): 205-302.

⁹⁵New Zealand Ministry of Foreign Affairs and Trade, "Asia," Last updated 27 April 2012, <http://mfat.govt.nz/Foreign-Relations/Asia/index.php> (accessed 23 September 2012), 72.

New Zealand has strong defense relationships with Australia, also across the Pacific and Asian region. These relationships serve to enhance the regional collective security and enable New Zealand to influence countries through both diplomatic means and military diplomacy. Maintaining strong bilateral relationships with both Singapore and Malaysia through the 1971 Five Power Defence Arrangement enables relevant military engagement in the region.⁹⁶ The Five Power Defence Arrangement is a “consultative structure, complemented by a standing multilateral military component, and a comprehensive exercise program” between the five member states and has been able to transform to meet the evolving regional security challenges.⁹⁷

New Zealand’s strategy in the Pacific is to create resilience within Pacific nation states. Rather than seek to prescribe to sovereign nations, New Zealand undertakes to support and mentor if requested. New Zealand foreign policy in the region has not been militarily offensive, rather it leverages its regional influence to mitigate conflict prior to it becoming a military issue. The approach has enabled New Zealand to partner with smaller states and increase its “soft power” influence in the region.

From a strategic perspective, it is important for New Zealand foreign policy to continue military engagements as part of the overall regional forward defense strategy. From an operational and tactical perspective there are many benefits to continuing the multinational interaction, particularly in mitigating international

⁹⁶Five Power Defence Arrangement is between the United Kingdom, Australia, Malaysia, Singapore, and New Zealand.

⁹⁷Carlyle A. Thayer, “The Five Power Defence Arrangements: The Quiet Achiever,” *Security Challenges* 3, no. 1 (February 2007), <http://www.securitychallenges.org.au/TOCs/vol3no1.html> (accessed 23 September 2012), 80.

misunderstanding, demonstrating capability as a deterrent, and providing a benchmarking tool for the NZDF.

New Zealand United Nations Security Council Bid

New Zealand has indicated that it is seeking a non-permanent seat on the United Nations Security Council in 2015. New Zealand has served on the Security Council three times, 1954 to 1955, 1966 and 1993 to 1994.⁹⁸ New Zealand contributed military forces to the Korean War which coincided with its first term. During its second term it was a force contributor to the Vietnam War and finally in 1993, during its third term, saw the first deployment of New Zealand “peacekeeping” combat forces since Vietnam into Bosnia.⁹⁹ Historical trends demonstrate that the NZDF should seek to have completed its Future 35 short term objectives by 2015 to coincide with the New Zealand United Nations Security Council bid. There have been no signals from Government to indicate an imminent deployment of NZDF elements; however this was the case during previous membership periods.

The current deployments of the NZDF represent a significant contribution to international efforts to maintain a safe and secure environment. Assuming that these continue, with the potential for further deployments from 2015, Future 35 may be placed at risk. There has been no overture from the New Zealand Government to suggest that any large regional or international deployments may occur in support of the Security Council bid.

⁹⁸The Encyclopedia of New Zealand, “Sorty: Multilateral Organisations,” <http://www.teara.govt.nz/en/multilateral-organisations/2> (accessed 23 September 2012).

⁹⁹Ibid.

New Zealand Internal Challenges Affecting the NZDF to 2035

There are numerous internal challenges confronting the NZDF that will potentially impact the implementation of the Future 35 Strategy. New Zealand has not been subject to a direct military threat, which translates into a public who are ambivalent about defense spending, seen as largely discretionary. There is little public awareness of the role of defense and unless being directly assisted by the NZDF in times of natural disaster, there is a little understanding of its role in furthering national foreign policy. As with external challenges, there are a plethora of domestic issues that could hinder Future 35 implementation. The study focuses on three key areas; the first is the impact of government spending on the public sector. The second area will explore the will of the New Zealand public to sustain discretionary defense spending. The final area that will be examined is the role of defense in New Zealand society.

New Zealand Government Spending

The first internal influence is the impact of the 2008 Global Financial Crisis, which has seen the New Zealand Government seek opportunities to fiscally rebalance to ensure financial viability of the country. The Government intends to maintain economic growth, which has been modest since 2008, against a backdrop of significant natural disasters placing a strain on discretionary spending. In seeking to return the country to budgetary surplus by 2014, the government intends to “deliver better public services, within tight financial constraints.”¹⁰⁰

The impact of financial constraints on the NZDF has been discussed previously, yet the maintenance of a baseline budget for defense becomes difficult in an environment where other public services are being reduced. The NZDF is

¹⁰⁰The Treasury, *Fiscal Strategy Report 2012*, 3.

obligated to ensure that it can meet Government's stated defense objectives within the allocated budget however there is the potential for a divergence between expectations and practical reality.

New Zealand Public Perception of Defense

Due to its geographic reality and lack of any direct threat, the Future 35 Strategy will be placed at risk given the public apathy towards defense spending. Dale Elvy in his study of New Zealand public opinion towards defense states that "in the absence of real information, the debate becomes focused on scandal, and speculation, rather than substance. How many doctors or teachers can be employed for the price of an ANZAC frigate?"¹⁰¹ These issues will continue to complicate defense spending priorities in New Zealand as the government reviews spending on public services in order to meet budgetary surplus.

Elvy's study indicates that there is a lack of public awareness of defense or understanding of how New Zealand is protecting its national interests. Further, there is a general lack of willingness for taxpayers to contribute more towards defense. His study demonstrates that the general public is divided on matters of defense, whether it is supporting international institutions such as combating terrorism or providing additional funding to defense. Furthermore, 84 percent of New Zealanders do not believe that the NZDF can successfully achieve its stated mission of "defending New Zealand."¹⁰² Given that the NZDF focus is on external engagement and linkages with Allies to mitigate conflict prior to it reaching New Zealand shores, it demonstrates a

¹⁰¹Elvy, 1.

¹⁰²Ibid., 2.

wider lack of understanding of national security interests or how they are being achieved.

Geographic isolation provides New Zealanders with a feeling of physical security that may not necessarily be based in fact. Elvy's study does clearly articulate that the NZDF has not sold its achievements to the public and also that its political leaders have not ensured wider public understanding of its services to the nation. All of these factors have an impact on the NZDF organization and allow its commitment or national service to be "eroded by a lack of public faith in its capabilities."¹⁰³

The Role of the NZDF in New Zealand Society

The NZDF maintains a core of ready, disciplined, professional personnel with organic communications and transportation. Without legislative limitations on employment of military forces domestically such as *posse comitatus*, the NZDF provides a domestic contingency force for government in times of natural disaster.

Recent events in New Zealand such as the major earthquakes in Canterbury have seen a major commitment of NZDF force elements supporting relief efforts. NZDF force elements have also been employed providing support to domestic national security, support such as during the 2011 Rugby World Cup. While the NZDF maintains discrete capability to support government and the New Zealand Police, the readily available pool of personnel are used across a wide variety of roles. The government has continued, amongst a high operational deployment tempo, to employ the NZDF in domestic operations, which have increased the burden on the relatively small organization.

¹⁰³Ibid., 2.

Issues of operational tempo raised by Jim Rolfe in *Cutting Their Cloth—New Zealand’s Defence Strategy*, published in 2007 are extant, “as units and individuals can be used because they’re physically available, even though they may be worn down. Unlike equipment, people have no mandatory maintenance period or servicing schedule.”¹⁰⁴ The continued use of the NZDF has not enabled personnel to regenerate post deployment with up to 15 percent of the total force in expeditionary operations alone.

Continued high operational tempo impacts the capability of the service to continue to meet its outputs.¹⁰⁵ The impact of current operations and contingency operations on NZDF readiness is articulated in its preparedness to meet assigned ECs. Given the size and resourcing of the NZDF, it is a zero sum equation in that key personnel and equipment are often identified across a range of roles. The crux is that commitment to domestic operations impacts its availability to meet expeditionary requirements.

Conclusions for Challenges Affecting the NZDF to 2035

There are numerous external and internal challenges confronting the NZDF that will potentially impact the implementation of the Future 35 Strategy. However, in the same way that geopolitics assumes ubiquitous trends looking forward, this study has examined timeless trends that have influenced New Zealand defense thinking.

External influences such as the developing relationship with the US as it strategically pivots into the Pacific will test thawing political tensions as well as provide a forum for the NZDF to reintegrate into old alliances. New Zealand’s

¹⁰⁴Rolfe, 27.

¹⁰⁵Ibid., 28.

involvement in international forums and security agreements, enhanced by its perceived inoffensive nature enable it to interact across the region. Political instability within the Pacific is ever present, particularly as smaller nations seek to meet their military and economic threats in an environment of reducing natural resources on which they are reliant. New Zealand's United Nations Security Council bid for 2015 will potentially increase its global standing, influencing foreign policy as it vies for candidacy. Coupled with the increasing militarization of Asia, New Zealand continues to be internationally responsible and contribute to regional and global stability mechanisms.

Internal tensions continue to influence New Zealand's defense thinking. The government has implemented fiscal austerity measures, reducing public spending and services. While this aims to sustain the economy and seek "efficiencies" in public service, the NZDF has been largely untouched. This does not preclude the NZDF from government scrutiny, rather the opposite, as the only government department not to receive cuts; there is a not so subtle pressure to succeed.

Thesis Question: Will Future 35 Meet the Security Needs
of New Zealand into 2020 and Beyond?

Having examined the strategy and the three secondary questions to provide both quantitative and qualitative analysis, the monograph now turns to answering the central thesis question being; will Future 35 meet the security needs of New Zealand into 2020 and beyond? This section will examine the two central themes of the strategy and end states in conjunction with the findings of the secondary questions to determine whether the strategy can be successful. As previously stated, while the strategy covers a broad swathe of changes, this study is focusing only on three key aspects. Furthermore, the intent is not to relitigate the reasons for strategy

implementation, but identify whether there are enough, means, in which to achieve the desired ends.

Organizational reform within Future 35 is aimed at delivering an efficient NZDF to enable defense to meet the security needs into 2035. Trend analysis of defense spending has demonstrated that fiscally there has been no net reduction in defense spending in New Zealand. Furthermore, there has been recognition by Government that financial capital injections will be required to sustain the NZDF into the future. Similar to the Canadian Forces Unification Plan of the 1960s, Future 35 seeks to deliver an efficient NZDF. Organizational reforms have been targeted to reduce duplication across the three services and move towards a Total Defense Workforce concept enabling a greater pool of personnel to deploy.

There is the potential for significant morale issues with the implementation of efficiency measures. Perceptions within the military will need to be monitored to ensure that personnel do not become disenfranchised, which could adversely affect the strategy. There are currently systems in place within the NZDF to do this, the issue becomes with so much change, what is required to arrest reducing morale.

The centralization of functions has seen an increase in overhead costs within Headquarters and a commensurate reduction in single service expenditure. The centralization is currently underway and has created tangible savings; however it is unclear how this has impacted organizational effectiveness. The political expectations of defense are high, when required forces will respond. The fact that budgets have not been reduced demonstrates the value of defense to government, however there still needs to be a realization that fiscal savings will eventually impact capability.

Thesis Findings

The stated objectives of Future 35 of delivering effective military capability with efficiency are achievable. The security needs of the nation are broad and as the NZDF conducts operations in support of the country, expectations need to be managed on the organizations capacity. The more the organization seeks to deliver financially affordable services to Government, the higher the risk of mission failure.

The strategy is in its infancy and will be subject to many variables during its implementation. The research shows that the NZDF is meeting Government requirements based on its current fiscal resourcing, however it may not be able to successfully continue under the new parameters. Future 35 will be able to achieve its stated objective of efficiency within the NZDF; however it will affect its other end state of effectiveness.

Future 35 provides the map of how the NZDF will deliver effective and efficient military capability to New Zealand, but as the fluid geopolitical situation continues to evolve, it will need to be adjusted accordingly. As a small nation with limited room for error in national policy, New Zealand has retained a strong stance on many issues, such as being nuclear free, but policy is subject to change depending on internal and external influences. The strength of Future 35 is in its conceptual outline for the future.

Strength of the approach for Future 35 lies in the NZDF assuming positive control of the transformation required. Unlike the Canadian Forces Unification, which were externally imposed on the military, the NZDF has sought opportunities to apply professional military judgment into the change. To do nothing in the wake of public sector spending cuts would have meant the military is reactive rather than proactive.

The strategy provides a roadmap and strategic direction to focus the NZDF into the future and provide government with milestones.

CHAPTER 5

CONCLUSION

It must be obvious, therefore, that periods of tranquility are rich in sources of friction between soldiers and statesmen, since the latter are forever trying to find ways to save money, while the former are constantly urging increased expenditure. It does, of course, occasionally happen that a lesson recently learned, or an immediate threat, compels them to agree.¹⁰⁶

— General Charles de Gaulle, *The Edge of the Sword*, 1932

New Zealand, geographically isolated from the world has not known modern warfare upon its shores. The country has raised citizen armies throughout its history to meet global threats in support of its Allies, and has not sought to appease nor shy from moral conflict. With a small population and an economy based on trade, it has sought to balance the needs of the state in terms of defense with the overall functioning of the wider society. The mid 1990s saw it reemerge from relative military isolationism and since 2001 its troop contribution to overseas operations has increased significantly. The increasing use of the NZDF both on domestic and expeditionary operations has been realized by successive governments which have provided an increase to its budget, enabling not only such deployments but also the modernization of its equipment, thereby maintaining credibility amongst its international partners as well as meeting changing operational needs.

To meet the global economic downturn, the New Zealand government has commenced implementing budgetary cuts across the public sector to return the nation to surplus in the next two years. The reduction in public service to meet fiscal realities has impacted citizens of a country that largely perceive there to be no viable reason

¹⁰⁶Peter G. Tsouras, *The Book of Military Quotations* (Zenith Press, October 2005), 38.

for the NZDF, less domestic assistance. The NZDF has been set a difficult challenge by Government in continuing to meet its directed outputs and do this under fiscal constraints. The release of Future 35 as a strategy demonstrates that the NZDF understands the need to lead its own reorganization rather than risking increased external mandates and oversight.

Future 35 seeks to achieve the delivery of a credible future military capability while efficiently delivering services on behalf of government. The future capability centers not only on land forces, but the procurement of capital platforms to support national security objectives from maritime and air components. An examination of these components reveals that there is limited redundancy in platforms, which is a risk to both deployment potential and sustainment of any assigned missions. The efficient delivery of services revolves around the reduction in overhead costs such as infrastructure and directing resources into the delivery “front end” of the organization. The relationship between effective capability and efficiency is dynamic and generally not mutually supporting.

While New Zealand defense spending has increased over the last decade, it remains below a credible amount when compared to allied countries. The “capping” of defense spending at its current amount without capital investment in future capability places significant fiscal constraints on an organization that has consistently been under financial pressure. A significant portion of the defense budget is returned to the government through capital charges, the organization has sought to reduce cost in its personnel overheads. This has had unintended consequences, impacting both the morale and therefore the continued viability of the Future 35 Strategy as voluntary separation reaches its highest point in the last decade. While it is too early to

quantitatively ascertain how the financial reductions will impact the NZDF into 2035, it is clear however that in seeking efficiency it has hampered its effectiveness.

The operating environment for the NZDF into 2035 remains one of global instability, a militarizing Asia and an increase in both domestic and expeditionary stability operations. While specifically focusing on a mid intensity stability environment, the quantitative analysis shows that the NZDF will be able to meet its intended deployment profile in discrete areas of the South Pacific. The force ratio requirements for mission success for a COIN through policing operations differ and the NZDF has the organizational flexibility to task organize, to meet a variety of missions. The organization needs to manage political expectations of success, with the physical reality of resources required to do the assigned task.

The NZDF will be subject to a number of influences, both internal and external, as it continues towards 2035. The internal issues of managing change, personnel retention, and implementation of efficiency measures will be critical. These will need to be managed in concert with political expectations of success based on previous experience. The external issues of a militarizing Asia, instability, and a US pivot into the Pacific region will not necessarily allow the NZDF to implement its strategy, given the fluid geopolitical situation. The NZDF is confronted with numerous challenges, primarily driven through external agencies that will complicate its achievement of its desired end state.

For governments, fiscally austere periods will cause resource prioritization issues and New Zealand is no exception. The elected representatives of New Zealand have only an external perspective of the military and therefore leverage their experience in the political or business environment. Within a military context the concepts of efficiency and effectiveness are not necessarily mutually supporting,

arguably they are mutually excluding. Where business seeks efficiency, the military by its very nature requires redundancy in personnel and resources to maintain effectiveness. New Zealand is not in danger of falling victim to what Dwight D. Eisenhower called the “military industrial complex,” rather government needs to ensure it services domestic concerns, without mortgaging its national treasure in the next conflict.

Future 35 provides the NZDF with a plan on how it will get from its current situation, transforming to meet future challenges. The study has conducted both quantitative and qualitative analysis of key areas that will impact the NZDF into the future. While the security situation is uncertain and its next mission locale is the same, Future 35 will meet the security needs of New Zealand into 2020 and beyond.

Areas for Further Study

There are three key areas of further study that could be conducted to provide further fidelity of the NZDF to meet Future 35 objectives. The first is examining the personnel numbers of the NZDF and how the implementation of efficiency measures is impacting both the morale and retention of service members. As an all-volunteer force, the NZDF is subject to personnel being able to leave the organization at their discretion. The increasing exit rate of service personnel places not only the strategy at risk, but also impacts the continued viability and credibility of the service.

The second area of study is the how the NZDF interacts with the wider New Zealand public. Throughout the research the undertone is of a lack of understanding and wider appreciation for the role of the NZDF; how it delivers government national security objectives. Scrutiny of the NZDF centers on sensationalist stories that do not necessarily accurately depict the functioning of the military, nor allow for robust

public debate about national security priorities. Government and how they view the NZDF in executing national foreign policy further reinforces this position.

The final area of study is into the force requirements for the Royal New Zealand Air Force and Royal New Zealand Navy Force to meet Future 35 objectives in support of land forces. Each is subject to its own technical requirements that were outside of the scope of this thesis; however both provide critical output expense deliverables in their own right as well as in concert across the force. The study would look at force ratio requirements to support both extant operational missions, as well as a deployed JATF into the South Pacific region. This would be particularly relevant given the identified timelines within Future 35 for equipment (platform) procurement and compliment force capability studies into this area as part of wider user requirements.

Recommendations

Based on the conclusions and research conducted, the following recommendations are made:

1. Capital expenditure into effective future military capability should look to establish redundancy in equipment (platforms) to enable sustained operations particularly in low density areas and supporting services.
2. The NZDF should look to improve its public engagement to ensure a broader understanding of the role of defense in support of national security. By enabling and encouraging academic discourse on the role or future of the NZDF it will allow for informed public debate on defense matters, increasing public awareness.

3. The NZDF should continue to monitor organizational morale in light of fiscal change to understand the tangible impacts on personnel.

Summary

The NZDF finds itself deployed across 10 missions globally and continues to meet domestic support requirements to civil authorities with disasters both natural and manmade. This thesis has examined the viability of the NZDF's Future 35 Strategy, as the NZDF moves to transform itself to meet the future national security requirements, as current operations continue. The thesis confirmed that the strategy's two end state objectives are viable in isolation to meet emerging security needs into 2020 and beyond, however it is ambitious and the cumulative effects may have negative organizational impacts. Subject to fiscal constraints, physical resource limitations, and a plethora of internal and external influences, the NZDF has sought to positively identify how it will transform itself given its realities to maintain credible future military capability. The capability will be delivered in an efficient manner, which will see significant organization transformation. In short, the thesis intended to validate aspects of methodology that the NZDF has used in developing its strategy and identify potential friction points that could hinder its successful implementation.

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